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TRADE AND DEVELOPMENT BOARD
Forty-fifth session
Geneva, 12 October 1998
Item 3 of the provisional agenda

HIGH-LEVEL MID-TERM REVIEW

CONTENTS

Chapter		Page
	INTRODUCTION	2
I.	MID-TERM REVIEW - OUTCOME	3
II.	MID-TERM REVIEW - INFORMAL CONSULTATIONS	10
	Subprogramme 1: Globalization and Development	10
	Subprogramme 2: Investment, Technology and Enterprise Development	12
	Subprogramme 3: International Trade in Goods and Services, and Commodities	14
	Subprogramme 4: Services Infrastructure for Development and Trade Efficiency	16
	Subprogramme 5: Least Developed, Land-locked and Island Developing Countries	20
	Cross-sectoral issues	23
III.	MID-TERM REVIEW - SUPPORT DOCUMENTATION	29
	Subprogramme 1: Globalization and Development	29
	Subprogramme 2: Investment, Technology and Enterprise Development	46
	Subprogramme 3: International Trade in Goods and Services, and Commodities	61
	Subprogramme 4: Services Infrastructure for Development and Trade Efficiency	80
	Subprogramme 5: Least Developed, Land-locked and Island Developing Countries	93

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INTRODUCTION

(i) The Midrand Declaration stated that "*to build on the political commitment of member States to the process initiated at this Conference and ensure its implementation, the President of UNCTAD IX should consider convening a special high-level review meeting two years prior to UNCTAD X*". In its resolution 52/182 of December 1997, operative paragraph 2, the General Assembly "*also reaffirms its political will and responsibility with respect to implementing the agreed commitments reached at the ninth session of the United Nations Conference on Trade and Development, held at Midrand, South Africa, in particular the document entitled 'A Partnership for Growth and Development', and, in this regard, welcomes the convening of a special high-level mid-term review meeting in 1998, which will contribute to the preparations for the tenth session of the Conference, to be held in Thailand in 2000*".

(ii) At its sixteenth executive session on 16 February 1998, the Trade and Development Board launched the mid-term review process. In doing so, the Board mandated the Vice-President of the Board, Ambassador Benjelloun-Touimi (Morocco) to conduct the review. Ambassador Benjelloun reported the outcome of the mid-term review exercise to the eighteenth executive session of the Trade and Development Board on 10 July 1998.

(iii) At is eighteenth executive session, the Board approved and adopted the outcome of the mid-term review (TD/B/EX(18)/L.2 and Corr.1), requested member States, the UNCTAD secretariat and relevant organizations to fully implement the recommendations contained therein, and requested the Secretary-General of UNCTAD to proceed immediately with the implementation of those recommendations, to provide regular progress reports at the monthly consultations and to transmit the outcome to the High-level Mid-term Review Meeting.

(iv) The present document, prepared in response to the Board's request, transmits the outcome of the Mid-term Review to the High-level Mid-term Review Meeting. Section I contains the outcome of the Review, as approved and adopted by the Board. Section II contains the informal summaries of the informal consultations conducted during the Review. Section III reproduces the support documentation prepared by the UNCTAD secretariat for the purposes of the Review.

I. MID-TERM REVIEW - OUTCOME 1/

INTRODUCTION

1. The reform project embodied in the Midrand outcome was a turning point in the history of UNCTAD. The Conference decreed the streamlining of the intergovernmental machinery of the organization, of its work programme, and of the structure of the secretariat. It also decided to improve UNCTAD's working methods and - most importantly - to adopt a different approach to the work, one based on dialogue and consensus-building and on practical objectives.

2. These goals have in effect been the guiding force of the organization since the Conference. A genuine effort - by both member States and the secretariat - has been made to attain them, and to a significant extent they have succeeded. But this major reform effort has, inevitably, encountered some difficulties, such as skill mismatches, compounded by the financial crisis of the United Nations. In the context of the mandates agreed upon at Midrand and subsequently endorsed by the General Assembly, which are not to be reopened, the Mid-term Review takes stock of the road already travelled, including its obstacles and pitfalls; considers what is yet to be done in the coming two years to fulfil these mandates; and makes recommendations on how to strengthen implementation.

3. The decisive test in the period up to the next Conference will be how well UNCTAD matches its description as the focal point within the United Nations system for the integrated treatment of development and interrelated issues in the areas of trade, finance, technology, investment and sustainable development. UNCTAD is also the focal point for LDCs for the United Nations system, and another test will be how effectively it delivers assistance to those countries. The key will be "integration": of programme elements (for example, FDI should be seen not in isolation but as a way of building supply networks of SMEs, strengthening the enterprise sector in recipient countries, bringing innovation, improving export competitiveness, etc); among UNCTAD's Divisions and Branches in coping with cross-sectoral issues and between the secretariat and member States; and among relevant economic multilateral institutions and regional commissions in terms of the common or complementary points in their work programmes and in the implementation of integrated country programmes.

4. Capacity-building is the expression that better defines this approach - capacity to implement the appropriate policies at the country level but also the capacity to formulate and apply negotiating positions on trade, investment and the other central issues that shape the globalization process and which will consequently affect the external economic environment for development.

1/ As approved and adopted by the Trade and Development Board at its eighteenth executive session on 10 July 1998.

STOCKTAKING

5. UNCTAD's work since Midrand - both in the secretariat and at the intergovernmental level - has basically proceeded along the lines mandated by the Conference. Intergovernmental consensus-building, policy research and analysis, and technical cooperation have on the whole addressed the goal of assisting developing countries and economies in transition to promote their development and participate more effectively in the world economy under conditions conducive to their development.

6. Valuable analysis for policy-making has in particular been provided by work on interdependence and global economic issues; on development challenges facing LDCs and African countries; on foreign direct investment issues; on a positive agenda for developing countries in trade negotiations and the opportunities available in trade in services; on commodity diversification and risk management; and on electronic commerce. In this connection, the importance and usefulness of the flagship reports, namely the *Trade and Development Report*, the *World Investment Report* and the *Least Developed Countries Report*, have been recognized.

7. Applied work has been particularly valuable in the fields of debt management; investment promotion; capacity-building for entrepreneurship; accession to WTO; capacity-building in the trade field; commodity risk management; modernization of customs, cargo tracking and trade facilitation; transport and transit arrangements; and the setting-up of integrated country programmes for LDCs. Intensive work has been undertaken as far as accounting and reporting standards, and competition law and policy are concerned. The functioning of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting and the Intergovernmental Group of Experts on Competition Law and Policy is to be reviewed.

8. Databases in the field of trade in goods and services (Trade Analysis and Information System (TRAINS) and Measures Affecting Service Trade (MAST)) have been further developed and refined as analytical tools.

9. In the field of institutional reform, the Board adopted guidelines on the efficiency and functioning of the UNCTAD intergovernmental machinery which inter alia stress the importance of integrating the outcomes of expert meetings into the policy work of the Commissions.

10. Work has taken place within the framework of a participatory approach that emphasized the need for UNCTAD to incorporate civil society into its work; to liaise closely with other international organizations; and to integrate research and policy analysis and technical cooperation work.

11. However, several organizational factors have been identified in connection with which further efforts are necessary to strengthen the role and impact of the organization. Given the growing gap between the level of requirements and the level of resources available and their quality (skills and expertise of staff), there is a need for more flexible allocation of resources and a better matching between skills and priority areas. The problem is exacerbated by systemic rigidities and in particular the slow pace at which vacancies are filled.

12. The linkages between analytical and technical cooperation activities have not been fully developed. Cross-sectoral issues have not benefited from sufficiently integrated treatment within the intergovernmental machinery, nor have they been dealt with as effectively as possible within the secretariat, and this situation has particularly affected the treatment of LDC-related issues. The impact of the activities and work of UNCTAD needs to be better measured.

13. The recruitment difficulties faced by UNCTAD in the last two years have especially affected the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries. The Office has suffered from the delay in appointing a Special Coordinator and in filling the other vacant posts, and this has negatively affected the direction of UNCTAD's work on LDCs. High-quality appointments need to be made as a matter of urgency.

14. The Secretary-General of the United Nations has endorsed the agreement reached regarding the division of labour between UNCTAD and the Department of Economic and Social Affairs (DESA) on strengthening United Nations work in macroeconomic analysis. UNCTAD's present capacity to carry out analysis of international macroeconomic issues, particularly the impact of globalization and liberalization on trade and development, may therefore not be fully adequate in this new context.

15. While UNCTAD's work on Africa has increased in recent years and the Board's discussions of both substantive issues affecting Africa and UNCTAD activities in the context of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) and the United Nations System-wide Special Initiative on Africa have generally proved satisfactory, further improvements could still be made. Support in terms of analytical inputs and human resources is still not sufficient, and internal coordination could be improved.

16. In work on globalization and development strategies, there is scope for improving the balance in the activities undertaken, since not all regions have been fully covered from year to year, and dissemination of analytical outputs needs to be improved; not enough has been done on how developing countries could pace and sequence liberalization. Funding of activities on debt management has not been secure enough, and activities relating to assistance to the Palestinian people now need to aim at having a direct beneficial economic impact. In work on investment, technology and enterprise development, priorities and targets could be defined more clearly. In work on trade, there has not been a clear enough division of labour between subprogrammes in respect of electronic commerce and commercial diplomacy. In work on services infrastructure for development and trade efficiency, there is a need for greater emphasis on creating a better understanding of the economic impact of electronic commerce and its emerging global framework. In work on least developed, landlocked and island developing countries, not enough emphasis has been placed on the follow-up to the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, and participation of LDCs in UNCTAD meetings has been inadequate.

RECOMMENDATIONS

General

17. The unique contribution of UNCTAD has to be made through its analytical function and by linking *research* and *action*, *analysis* and *policies*. UNCTAD's programmes should be evaluated with this linkage in mind. Links should be reflected both in the consensus-building process in the intergovernmental machinery and in UNCTAD's operational activities and through enhanced partnerships with civil society. Feedback from member States through adequate monitoring of implementation will be indispensable.

18. The partnerships for development envisaged by the Midrand Declaration should be the hallmark of UNCTAD. These will require further changes in the way business is conducted. UNCTAD should strengthen its links with civil society, in particular the private sector, and international organizations. Links with the private sector should be aimed at tapping its innovative capacity, engaging in joint activities and supplementing funding, and in this connection clear guidelines should be adopted for private-sector funding. Links with other international organizations, including regional commissions, which represent an equally valuable source of ideas, should be aimed at increasing synergies and avoiding duplication. Constructive ideas must be developed about how to improve the dissemination of policy advice, including through modern electronic means, to make sure it reaches the end-users in a user-friendly form (best practices, handbooks, model laws and/or contracts).

19. While recognizing the need to adjust priorities in the light of changes in the world economy, the scope and contents of the work programme of the secretariat should be commensurate with approved mandates, taking resource constraints into account.

20. Work on cross-sectoral issues must be better integrated into the work of the intergovernmental machinery, and the Board should in particular ensure that the cross-sectoral issues referred to in paragraph 106 of "A Partnership for Growth and Development" are integrated into the work of the Commissions.

21. UNCTAD's analytical and technical cooperation activities should be better coordinated, and the secretariat should put in place appropriate mechanisms for this purpose. The strategy for the coherence of regular budget and extrabudgetary programmes that seeks to strengthen these linkages should be further pursued and should be linked to the outcomes of expert meetings, the Commissions, the Working Party and the Trade and Development Board.

22. UNCTAD's management should deploy every effort to proceed speedily with recruitment and appointments so as to reduce the current excessive vacancy rate. It should also seek to reduce costs within the framework of system-wide efforts to improve efficiency. Staff training should be stepped up with a view to addressing skill mismatches and creating a flexible workforce able to adjust to changing requirements.

23. Taking into account current discussions in the United Nations system on results-based budgeting and performance indicators, the UNCTAD secretariat should integrate further in its work the use of performance indicators. In

accordance with commonly accepted national and international criteria, these indicators should be relevant, simple and measurable, and due account should be taken of the difficulties involved in measuring the impact of analytical work.

24. Focusing on results rather than inputs, the secretariat should examine and propose to the Board ideas for suitable feedback mechanisms to measure the impact of UNCTAD's activities. These proposals should be made available to the Board as soon as possible, and the Working Party should be involved at a later stage.

25. Cost recovery should be examined for certain technical cooperation programmes involving updating, maintenance and continuing servicing, account being taken of the situation of LDCs and low-income countries.

Specific

26. As UNCTAD is the focal point within the United Nations system for assistance to the least developed, landlocked and island developing countries, the work of the Office of the Special Coordinator should be strengthened. This could be achieved in part by filling current vacant posts as a matter of urgency. It is important that the Office coordinate the sectoral work, monitor the implementation of the Paris Programme of Action and initiate the preparatory process for the Third United Nations Conference on LDCs in close consultation and collaboration with the relevant agencies and institutions and civil society. LDC issues should be fully integrated into the work of the intergovernmental machinery at all levels. The lack of effective participation of LDCs in UNCTAD meetings should be addressed by the Board.

27. In view of its great importance to least developed countries, it is essential that decision 445 (EX-16) of the Trade and Development Board on the follow-up to the High-level Meeting on Integrated Initiatives for LDCs' Trade Development be implemented in full. Ownership of beneficiary countries should be assured. LDCs should be assisted in preparations for, and follow-up to, country-specific round tables. Cooperation, coordination and coherence of all the cooperating agencies' efforts remain the hallmark for achieving success.

28. Greater emphasis should be placed on cooperation with other agencies in the implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States. Work relating to development problems specific to landlocked and transit countries should be strengthened and proceed in consultation with all parties concerned.

29. Close cooperation and coordination must play a primordial role if the UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme in Selected Least Developed and Other African Countries, which, for the LDCs involved, represents a concrete step in implementing the integrated framework stemming from the High-level Meeting, is to meet its objectives. The secretariat coordination and focal point mechanism for activities relating to Africa should be strengthened.

30. Work on globalization and development strategies should have broader regional coverage, dissemination should be improved and more should be done on the pace and sequencing of domestic liberalization policies.

31. In debt management, more work should be done on the training of national staff and on domestic debt management. Work on debt problems of indebted countries, taking account of the results of debt negotiations in various forums, including private sector forums, should be pursued within UNCTAD's mandate.

32. UNCTAD should analyse the impact of European economic and monetary union and the euro on developing countries, taking into account global analysis carried out in the relevant international organizations. Work on portfolio investment might best be carried out under the programme on investment, and advantage should be taken to the greatest possible extent of work being done by regional development banks and United Nations regional institutions.

33. In the programme on assistance to the Palestinian people, interagency coordination should be improved and a greater field presence should be considered.

34. UNCTAD's work in identifying and analysing the implications for development of issues relevant to a possible multilateral framework for investment addresses a prominent issue on the international agenda. UNCTAD should continue this timely work, which should be primarily analytical and include consideration of development-friendly elements. It should also pursue work to assist developing countries to strengthen their capacity to promote their trade and development through foreign investment. Further research should be undertaken into the factors which play a part in private sector firms' choices of investment locations. UNCTAD should continue its analysis on the current development of transnational corporations and help developing countries to improve the general understanding of issues related to transnational corporations and their contribution to development, as well as on policies allowing developing countries to benefit from TNC operations. More attention should be paid to promoting investment among developing countries. The integrated approach to investment and technology through the science, technology and innovation policy (STIP) reviews and investment policy reviews (IPRs) should be further pursued. Country-specific approaches to supporting national institutions and capacity-building should be preferred. Action should be taken to promote the continued expansion of the EMPRETEC programme, endeavouring to promote a regional balance.

35. In work on trade, further emphasis should be placed on capacity-building. Secretariat efforts to assist developing countries and economies in transition to participate effectively in international trade negotiations and in acceding to WTO should continue, including through the elaboration of a positive agenda, on which member States should be kept informed, and should receive appropriate funding from regular budget and extrabudgetary sources. Analytical work on the impact of trade preferences on the trade and development of developing countries should be strengthened, with special reference to identifying policy solutions in response to the decline in preferential margins and maximizing the utilization of preference schemes. In particular, it should identify ways to improve market access for developing

country exports, including in new areas. The implementation of the special and differential provisions in favour of developing countries provided by the Uruguay Round Agreements should be analysed, bearing in mind the work being done in this area by WTO. Training in commercial diplomacy must be so designed as to ensure that UNCTAD's role is directed towards strengthening the analytical capacity of developing country officials in international negotiations. Work on commercial diplomacy courses should have a clear strategy and be sufficiently funded, and it should be developed in conjunction with the Training Development in the field of Foreign Trade (TRAINFORTRADE) programme. The role of different subprogrammes in respect of commercial diplomacy and electronic commerce should be clarified. As a contribution to the discussion on issues on the international trade agenda, UNCTAD should continue to pursue its activities in the fields of competition law and policy; trade, environment and development; and services, including the use of the MAST database. Given the continuing dependence of a number of developing countries on primary commodities, work on diversification and risk management should be strengthened.

36. The sustainability of the Trade Point programme and Trade Points should be enhanced, particularly in respect of training, operability and interoperability, as may be recognized at the forthcoming evaluation of the programme. The concept of support services for the Automated System for Customs Data (ASYCUDA) should be developed, and measures to ensure its overall sustainability, as well as that of all other trade facilitation programmes, should be explored. The future activities of TRAINFORTRADE should be spelt out more clearly, taking into account the recommendations adopted by the Working Party on the Medium-term Plan and the Programme Budget following the evaluation of the programme and lessons learnt from the regional pilot projects. The Lyon Partners for Development meeting should be integrated into the work of UNCTAD through follow-up to private-sector/UNCTAD activities launched at the meeting. The analysis of global electronic commerce in terms of its impact on development should be an area of focus. In cooperation with relevant organizations, in particular WTO, ITU, WIPO and UNCITRAL, assistance should be provided to developing countries to prepare for possible multilateral discussions on electronic commerce.

37. The secretariat should produce an annual report on UNCTAD's activities in order to achieve greater transparency, to provide member States with a comprehensive overview and to permit a better assessment of UNCTAD's work and achievements. The Secretary-General may wish to take into account any views conveyed by member States as to the basic content of the report.

38. Expanded use of all aspects of information technology in UNCTAD's work should be sought. To that end, each Division should develop a plan to integrate information technology fully into its work.

II. MID-TERM REVIEW - INFORMAL CONSULTATIONS

Informal summary of discussions on subprogramme 1: Globalization and Development

1. The work of the Division on Globalization and Development Strategies remained a critical focus for UNCTAD as long as the phenomenon of globalization was not fully understood. In most activities, substantial progress had been achieved in implementation of the Midrand mandates. At the same time, some delegations considered that there was a marked lack of balance in the activities, since the Latin American and Caribbean region was notably absent from a lot of the work; the efforts of the division should therefore be spread more evenly in respect of both analysis and technical cooperation. In this connection, however, it was pointed out that the work carried out corresponded to specific mandates and that the limited resources available made it impossible to cover all regions every year; in fact the lack of physical and financial resources was seen as a factor that could jeopardize the activities of the division as a whole. The hope was expressed that the resources available to the division would be increased, particularly in light of the fact that UNCTAD now had a lead role to play in macroeconomic analysis in the United Nations system. At the same time, member States must exercise restraint in making demands of the secretariat and bear in mind the priorities already set. The predominant focus of the programme should continue to be on analysis, while technical cooperation activities should be expanded.

2. Strong support was expressed for work on **interdependence and global economic issues**. The analytical work carried out in this connection was described as outstanding, and the *Trade and Development Report* was seen as a valuable source of unique ideas. UNCTAD should continue providing policy advice to countries, and to that end it should improve its methods of dissemination. Not enough had been done to analyse the impact of globalization and liberalization on development and on how developing countries could calibrate and sequence liberalization in such a way as to minimize turbulence. On the East Asian crisis, some delegations emphasized the need for a balanced picture to be presented, covering issues such as crony capitalism, while others emphasized the need above all for a true picture. The crisis was a systemic one, not a regional one, and it would be important for all countries to derive lessons from it. More studies should also be carried out on the implications for development of global electronic commerce.

3. On **finance, debt problems and sustainable development**, appreciation was expressed for the work carried out so far. Work on debt problems of African countries and low-income countries in general should be pursued during the period up to UNCTAD X. Support was expressed for UNCTAD's work on mobilization of foreign investment flows, and it was argued that a mandate for that work was provided in paragraph 86 of "A Partnership for Growth and Development". The Pilot Seminar and the recent Expert Meeting had both proved successful. The latter had produced agreed conclusions which, if endorsed by the relevant Commission, would provide a clear mandate in this connection. On capital market development, the comparative advantage of UNCTAD in this area was not as obvious as that of the development banks. The question was raised

as to whether work on the annual forum on emerging markets in Geneva and on portfolio investment in general should not be done in the Division on Investment, Technology and Enterprise Development.

4. Concerning **debt management**, the importance of DMFAS more than offset any shortcomings identified in the programme, and the secretariat should pursue its installation and updating efforts. The concept of cost recovery as a means of ensuring self-sustainability was gaining acceptance, and some delegations expressed support for it. More work should be done on the training of national staff, and work should be initiated on management of domestic debt. Delegations should be informed as to how the secretariat planned to deal with the problems identified as a result of the independent evaluation of the programme.

5. With regard to **UNCTAD's contribution to UN-NADAF**, UNCTAD's efforts in this connection were welcomed, but the view was expressed that this area of activity was not receiving the support or commitment from the organization that it deserved. The staff shortages of the Coordinator and the tardy responses of divisions to requests for inputs were matters of serious concern, and the lack of an UNCTAD field presence was regretted. The impact of the EMU and the euro on Africa must be factored into work on Africa in order to study its likely effects on trade, investment and competitiveness in Africa. The impact of work at the grass-roots level should be reported on in more detail.

6. With respect to **assistance to the Palestinian people**, it was noted that UNCTAD's mandate on the issue had been reaffirmed by the General Assembly at its fifty-first and fifty-second sessions. Support was expressed for UNCTAD's activities in this area, and the secretariat was encouraged to ensure that its work had an impact at the grass-roots level. In this connection, on the one hand it was argued that it would be important to measure the impact of existing activities before launching new ones, while on the other it was pointed out that the difficult situation of the Palestinian people made it crucial to start new projects immediately. The fact that UNCTAD continued to receive requests for assistance from the Palestinian Authority indicated that ongoing activities were proving successful. The question was asked as to how member States could assist in trying to eradicate the coordination problems that had arisen. The lack of any field presence on the part of UNCTAD was seen as discouraging, but the consultations were informed that such a presence was under consideration. The hope was expressed that UNCTAD X would provide an opportunity to identify new activities in favour of the Palestinian people.

7. On **information management**, strong support was expressed for the expanded use of all aspects of IT in UNCTAD's work. The need to boost the secretariat's IT capacity was recognized. With regard to procurement difficulties, the secretariat was requested to suggest ways in which member States could help. An IT option should be provided for the UNCTAD X preparatory process in order to involve capitals more.

8. With regard to the **impact of economic reform and liberalization on enterprise development**, it was noted that subprogramme 2 also dealt with enterprise issues, and it was asked whether duplication might not result.

Informal summary of discussions on subprogramme 2: Investment, Technology and Enterprise Development

1. The subprogramme's **future work** should reflect clearly defined priorities, with the focus on those activities that would ensure the mandate given in Midrand was fulfilled by the time of UNCTAD X. To do that, the impact of activities, and the constraints within which they operated, needed to be identified, output indicators formulated, and targets set that took into account changing world realities. The true impact of activities was not to be found in press-cuttings or requests for seminars, but, for example, in the expression of interest by the private sector. There was general agreement that the **private sector** needed to be involved more closely in the work of the subprogramme, especially in the work on investment. For example, the views of the private sector should be sought on why businesses chose to invest, or not, in particular sectors or particular parts of the world. The importance of close **collaboration with other international organizations** was also stressed; in particular, full advantage should be taken of the expertise of the international financial institutions where appropriate. Note was taken of, inter alia, the memorandum of understanding signed with UNIDO, the cooperation with WTO on the Glion seminars and with ITC on enterprise development issues, but many delegations considered that the programme could improve its cooperation with other organizations. At the same time, care should be taken to avoid duplication.

2. The development of a **multilateral framework for investment** (MFI) was seen by all as an important issue; the introduction of a training element in that connection was particularly welcome. UNCTAD's involvement in the matter was seen as vital, and its cooperation with OECD would be of benefit to the developing countries. Recent developments in the MAI negotiations needed to be taken into account, and UNCTAD's activities in that area should be refocused in the light of its cooperation with WTO. Standard-setting was not the work of UNCTAD, which should be more concerned with producing a sort of checklist for use in discussions in other fora. Some delegations were concerned that the **development-friendly criteria** for international investment agreements might be interpreted restrictively, and that it would be more appropriate to speak of "dimensions", but others said that the latter would be too vague to be of practical use. The elaboration of such criteria was seen as a very valuable activity, and it was suggested that it would be an appropriate subject for an expert meeting.

3. In this connection, some delegations raised questions concerning "hearings". In particular, clarifications were sought as regards their possible results and their possible adversarial effects. It was explained that hearings were intended to be a fact-finding exercise which would allow government representatives, non-governmental organizations, business people, academics and other interested parties to express their views on particular issues related to an MFI. Other delegations supported the concept of hearings.

4. While some delegations fully supported the production of LDC **investment guides**, others considered that adequate commercial guides already existed or were concerned that the guides would prove difficult to keep up-to-date and relevant. The question was raised as to whether the guides would be produced

with financial assistance from the private sector or civil society. Some delegations expressed disquiet at the way in which the whole issue of investment guides was being handled by the secretariat, and thought that due consideration was not being given to the views of member States on the matter. One delegation thought that priority should be given to producing the issue papers on a possible MFI and its implications for development, rather than to the guides.

5. It was suggested that more attention should be paid to implementing the mandate in paragraph 89 (f) of "A Partnership for Growth and Development", on promoting investment among developing countries.

6. Great importance was attached to the issue of foreign direct investment, and what developing countries could do to attract it. The publication of The *Handbook on Foreign Direct Investment by Small and Medium-sized Enterprises in Asia* was welcomed.

7. The *World Investment Report* was seen as a valuable tool for policy makers, and as generally very helpful, but great care needed to be taken to ensure it was fully objective and was issued in as timely a manner as possible.

8. On the question of STIPs and IPRs, the integrated approach to investment and technology was welcomed, although concern was voiced that some of the most important activities in that area depended on extrabudgetary resources. However, if such resources were not forthcoming, that would not necessarily be a reason for funding the activities from the regular budget. The proposed allocation of extra funds from savings to IPS was welcomed.

9. Both support and doubts were expressed about the future focus on revitalizing a multilateral approach to science and technology issues through the United Nations Commission on Science and Technology for Development (CSTD). The way the work of the CSTD fitted in with the work of the Commission should be examined more closely. It would be premature to devote a high-level segment of the Trade and Development Board to the issue.

10. It was suggested that more attention should be paid to implementing the mandate in paragraph 89 (m) of "A Partnership for Growth and Development" on providing technical assistance in technology development, and that coordination between the Division on Investment, Technology and Enterprise Development and the Division on Globalization and Development Strategies should be improved.

11. In general, the country-specific approach, as opposed to a broader approach, to supporting national institutions and capacity-building was supported. There was wide support for the EMPRETEC programme; it should be extended to more countries. Attempts to introduce it into Asia were welcomed. Support was also expressed for the activities relating to Centres for Innovation and Enterprise Development (CIEDs) and networking between Asian and African business people.

12. There was support for the harmonization of accounting and reporting standards and the work of ISAR, although concern was expressed about the reliability of environmental accounting.

13. On the question of debt management, the link between private and public debt and the Asian financial crisis should be looked at more closely.

14. On the question of integrating civil society, the work of WAIPA was seen as particularly useful.

15. A prompt study on the issue of transnational corporations was called for, given their importance in the context of globalization.

16. The impact of the introduction of the euro on investment, particularly in Africa, should be studied.

17. General agreement was reached on possible topics for future expert meetings.

Informal summary of discussions on subprogramme 3: International Trade in Goods and Services, and Commodities

1. The **cooperation** between UNCTAD and other organizations and the private sector was welcomed. Cooperation between UNCTAD and WIPO in relation to the TRIPS Agreement should be strengthened, as TRIPS was of great importance to developing countries. A delegation asked whether UNCTAD and WIPO were also cooperating in Latin America on projects to identify opportunities presented by the TRIPS Agreement. The recent conclusion of a memorandum of understanding with UNIDO was welcomed. Care must be taken to avoid overlap, and ensure complementarity, when undertaking joint activities, such as the technical assistance programme for selected African countries, implemented jointly with WTO and ITC.

2. The subprogramme's work on analysing the impact of **the Uruguay Round Agreements** with a view to enabling developing countries to benefit as fully as possible from the Agreements was commended. There was a pressing need to assess the impact of implementing the special and differential provisions in favour of developing countries provided for in the Agreements.

3. Preparing developing countries to participate effectively in **international trade negotiations,** particularly by providing tools to allow them to prepare their own **positive agenda, was** in the best interests of all countries and was a prerequisite for the success of such negotiations. Professional training in negotiating skills was vital for developing countries which had little experience of the multilateral trading system. Some delegations were very interested in courses in **commercial diplomacy** in particular. Training in commercial diplomacy must be so designed as to ensure that UNCTAD's role was strictly neutral. Disappointment was expressed that the programme to hold seminars on training on commercial diplomacy had been interrupted as a result of lack of funds. Efforts to assist developing countries to **accede to** WTO should continue, and should be sufficiently funded.

4. Work to identify **impediments to trading success** was commended. The international community should assist developing countries in adapting to the rapidly changing world economic situation. There was support for the analytical work on the impact of **trade preferences** on the trade and development of developing countries; attention should be given to compensating for the possible erosion of those preferences and to building regional capacities.

5. The problem of having too few resources to fulfil the mandate given at Midrand needed to be addressed before UNCTAD X. The programmes which had the best prospects for cost-recovery should be identified. Sales of the TRAINS CD-ROM and the participation of fee-paying participants from private enterprises in seminars on commodities and risk management were seen as ways to reduce financial constraints on the subprogramme's activities. Nevertheless, given the constraints of available skills and resources and changing needs, the question was asked whether it would not be advisable to prioritize some activities in the interests of the programme as a whole.

6. In the field of commodities, UNCTAD's work in the areas of diversification and risk management was especially appreciated, and it was suggested that more staff could be assigned to that area; in future the distinction should be made between commodity-dependent countries and others. Cooperation between UNCTAD and ITC in the area of commodities was welcomed. UNCTAD had a comparative advantage over other international bodies in that area, especially in relation to diversification and risk-management, and every effort should be made to complete its activities in those areas before UNCTAD X. On the question of risk-limiting instruments, it was suggested that the emphasis should be on enabling countries to overcome bottlenecks rather than reducing the transaction costs of those involved.

7. The secretariat was encouraged to pursue its activities in the field of services; one area of focus should be the tourist sector.

8. UNCTAD's assistance in formulating competition law and policy and institution-building was appreciated.

9. The use of indicators to measure the impact of the activities of the subprogramme was welcomed.

10. The TRAINS CD-ROM was commended as a useful database.

11. While taking note of the secretariat's concerns, it was not accepted by everyone that the Commission had been unable to consider meaningfully the findings of its expert meetings. Still, steps should be taken to ensure that the Commissions made the best possible use of those findings. The further consideration of the follow-up to policy recommendations at national level was welcomed. However, scepticism was expressed about the use of questionnaires to find out what action was being taken by Governments in that respect.

12. Concern was expressed about the division of labour between subprogramme 3 and subprogramme 4 in relation to electronic commerce, and between subprogramme 3 and the TRAINFORTRADE programme in relation to commercial diplomacy.

13. Concern was expressed that although the five areas into which the subprogramme categorized its work were all important to the countries of Asia, that region received little attention in the background paper prepared by the secretariat.

14. In the context of facilitating a better understanding of the multilateral trading system, the secretariat should analyse from a development perspective the impact of the introduction of the euro on the trading conditions for developing countries.

15. There was a call for information on seminars, round tables and so on to be more widely distributed, as not everyone who might be interested in that information would be able to attend the meetings.

16. At the end of the discussion, the representative of the secretariat indicated that areas of special importance in the future could be:

- assisting developing countries to develop a positive agenda for multilateral trade negotiations
- capacity-building in the area of formulating trade policy
- strengthening the supply capacity of developing countries
- helping commodity-dependent countries to diversify and cope with problems arising from diversification and to use risk-management tools in commodity markets
- enhancing databases (SMART, TRAINS)
- strengthening capacity of developing countries in trade services (e.g. using the MAST database)
- in the area of trade and environment, helping developing countries to understand and benefit from international quality standards and to set a positive agenda for sustainable development
- providing assistance in formulating competition policy and laws

17. The hope was expressed that the financial means available would be sufficient to meet the needs of the subprogramme.

Informal summary of discussions on subprogramme 4: Services Infrastructure for Development and Trade Efficiency

The **subprogramme's main problems** stemmed from lack of certain skills and funding. Other factors that reduced effectiveness included the time taken to complete an activity.

Suggested solutions included:

- better forecasting of the funding required for each project

- the phasing out of some activities to allow resources to be concentrated on more valuable activities

- graduating certain countries as appropriate

- ensuring that future reforms, unlike earlier ones, included provisions for the necessary retraining of staff

It was important to make a clear distinction between analytical work and technical cooperation; skill and funding problems had a greater effect on technical cooperation.

With regard to **technical cooperation**, the constant recourse to consultants seemed paradoxical, given the large staff of UNCTAD. Technical cooperation programmes should be financially self-sustaining, and cost recovery should be considered. The proposals to increase technical cooperation in Latin America and the Caribbean were welcomed, but still more needed to be done. More information should be provided on the impact on individual countries and regions of the subprogramme's analysis and technical cooperation.

The good **coordination** with other international organizations was welcomed, as was progress in cooperation with the private sector and civil society. With regard to the memorandum of understanding signed between UNCTAD and UNDP, it was hoped that the cooperation between the two organizations would go further and in particular that the skills of UNDP staff would be used at field level. There should be more cooperation with ITC, which was already working very closely with UNCTAD on TRAINFORTRADE, the integrated programme for Africa and the follow-up to the High-level Meeting on LDCs' Trade Development. With regard to the nexus between UNCTAD and the private sector, it would be important to develop the concept of support services for programmes like ASYCUDA.

Trade Points should be strengthened, particularly in respect of training, operability and interoperability, and an Africa-wide forum should be created. The increase in the number of Trade Points was a positive development, provided that the aims of the Trade Points were being achieved. More information would be welcome on the interconnectivity of Trade Points, as well as on the real trade effects of ETOs. Trade Points should not only provide information but should also actually facilitate SME trade, and the development of the Internet should not alter the role of Trade Points. It was noted that the Trade Point Programme was to be evaluated, and that the early indications were that about 30 per cent of ETOs resulted in trade; member States should be in a position to evaluate all trade efficiency work based on national evaluations and the Trade Point Programme evaluation by the time of UNCTAD X. It was further noted that the first regional association had been set up in Latin America. As some Trade Points were run on a commercial basis, while others were closely linked to Governments and needed the support of UNCTAD, it was suggested that the secretariat should consider the possibility of having two distinct types of cooperation to suit the two types of Trade Points: the secretariat would follow up that suggestion.

One future area of focus should be the analysis of electronic commerce in terms of its impact on various regions and countries, what needed to be done to help countries to benefit from it, how it should be seen in the context of the WTO process, and its implications for the economies of developing countries, in particular African countries and LDCs. The analysis should look at the economic impact of electronic commerce, as well as its legal aspects. UNCTAD had unrivalled expertise in the field of electronic commerce and since electronic trade was expected to be a major engine of development in the years to come, in that it allowed developing countries to enter trade without huge infrastructure investments, the work of the secretariat in that area should be strongly encouraged.

The future orientation of TRAINFORTRADE needed to be clearly spelt out. It was noted that the programme would figure in the Lyon meeting, with the aim of expanding its networks without being over-ambitious, and that regular budget resources were being deployed in order to strengthen it.

The subprogramme was commended for its focus on LDCs and the integrated nature of its programmes.

The subprogramme's activities on land-locked countries had been very successful, but "A Partnership for Growth and Development" recognized that transit countries also needed support, and information would be welcome on what would be done in that respect before UNCTAD X. On transit transport, some caution should be exercised, since the distinction between legal and political issues was becoming blurred, and UNCTAD should not become involved in political issues. UNCTAD must also take care to respond only to those requests that emanated from all parties involved in a particular situation.

The follow-up strategies described in the document were welcome, and the intention to proceed with cost-sharing arrangements for some activities was supported by some delegations. On the question of the follow-up to projects, UNCTAD and the beneficiary country might hold different views on the success or otherwise of an activity, and the beneficiary country should therefore be asked for its views. The lack of any reference in the document to the follow-up to the High-level Meeting on LDCs' Trade Development was an omission. At UNCTAD X, member States should be in a position to evaluate the self-sustainability of the programmes concerned.

The proposals on expert meetings (paras. 32, 44 and 61) were supported, though more thought had to be given to the topics to be selected, and it was agreed that the decisions on future expert meetings and the agenda of the Commissions should be taken during the mid-term review process. Genetic issues, and not just individual subprogrammes, should also be discussed during the mid-term review.

It was not clear how the gender issue would be incorporated into the work of the subprogramme before UNCTAD X, although it was pointed out that some activities, such as micro-credit, benefited women particularly.

Measurable indicators should be devised for future use; the document contained a reference to an impact of tens of millions of dollars, but it was not clear how that was measured.

The Lyon meeting should lead to more funding by the private sector, but more information should be provided about the meeting as soon as possible and there should be some discussion of the topics to be selected. Consideration should be given to the way in which the follow-up to the meeting would fit in with the programme of expert meetings. The meeting could be a turning point in the United Nations approach to economic and social development, recognizing that the private sector was now the driving force of development; UNCTAD's aim was to become a catalyst in terms of conceptualizing programmes, generating interest and encouraging private companies to assume risk.

Conclusions of the Chairman

The impression resulting from the discussion was that work under subprogramme 4, including technical cooperation, was good and that all that was needed were some adjustments. One particular conclusion was that the outcome of the Lyon meeting should be integrated into the work of UNCTAD. It was agreed that the aim of the mid-term review as it related to each subprogramme was not to try to set priorities. Rather it was to: **take stock of activities so far; develop a vision of where to go next; and make specific proposals for work during the period leading up to** UNCTAD X. The outcome of the discussions on each subprogramme could be structured along those lines.

Annex

Closing statement by the Chairman

As we expected when we started this whole exercise, we are not trying to set priorities between the subprogrammes or to set priorities between the elements of those subprogrammes. What we want to do is to take stock of what is happening two years after Midrand, have a vision of where we want to take this organization and of course have some specific recommendations for the next two years until the next Conference. And that is how I think we should structure our overall paper. I will therefore circulate to all of you a first paper on the basis of which we can discuss those three elements for each subprogramme. We will thus have not a summary of this session but an idea of what we make of our discussion today and what kind of vision and recommendations we want to have out of it on, for example, what kind of expert meetings we should have, what the Commissions should do, what we should do about the subprogrammes how to address the shortcomings that we have seen in these two years. And of course, we want to integrate the idea of what is going to happen in Lyon into our work, because it is part of the vision of the future of UNCTAD, and if we can incorporate any of the Lyon elements into our mid-term process, then we will do it. Once we have four or five papers relating to each subprogramme, we will try to see in the light of those papers, what kind of elements we can have to produce a paper on the whole mid-term review.

My impression is that we have here a very good subprogramme with very good technical cooperation programmes and that we have simply to adjust a few things. We have of course to make sure in the next two years that these programmes work in the best possible way for the member States, but we also have to have some vision of where we want to go in a rapidly changing world. We have to adjust, and of course we have to give some hints of where we want to take our organization and what kind of subjects we want to be discussed in the future.

Informal summary of discussions on subprogramme 5: Least Developed, Land-locked and Island Developing Countries

Discussion

1. It was generally agreed that LDC issues were of primordial importance and that the problems of LDCs should continue to be an important focus of UNCTAD's work. It must not be forgotten that UNCTAD was the focal point for LDCs for the whole United Nations system. Although positive work had been done since UNCTAD IX, it appeared that LDC concerns were not being tackled in a fully satisfactory way at either the intergovernmental or the secretariat level. In particular, it did not appear that work on LDCs had been fully integrated into UNCTAD activities as a whole. It was suggested that UNCTAD was perhaps trying to be too ambitious and therefore not fully achieving its objectives.

2. With regard to the **staffing problems** of the Office of the Special Coordinator, widespread dissatisfaction was expressed over the fact that the vacancy rate in the Office was so high and in particular that the post of

Special Coordinator had still not been filled. Such a situation was hard to understand two years after UNCTAD IX. Some delegations took the view that this situation reflected a lack of political will. It was essential that the Office of the Special Coordinator be adequately staffed, and appropriate measures should be taken to that end without delay. It was suggested that greater use could be made of consultants while posts were being filled. Concern was expressed at the lack of adequate analytical capacity in the secretariat to deal with the multifaceted nature of LDCs' development problems.

3. The importance of the Office of the Special Coordinator having adequate **resources** was emphasized.

4. Concerning the **role of the Office of the Special Coordinator**, the general question was raised as to how successfully the secretariat-wide coordination had functioned since UNCTAD IX. It was also noted that the non-appointment of the Special Coordinator since Midrand had adversely affected coordination responsibilities and other UNCTAD LDC-related activities.

5. The importance of the **follow-up to the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development** (HLM) was generally emphasized, as was the importance of UNCTAD's role in that follow-up. Concern was expressed that more concrete progress had not been made.

6. Questions were raised as to how round tables would be organized and as to the manner in which UNCTAD would cooperate with other agencies. It was suggested that a list of activities being carried out by all UNCTAD programmes should be drawn up. The follow-up must be integrated with the work of the UNCTAD secretariat on LDCs.

7. Support was expressed for the **integrated country programmes**, which were seen as UNCTAD's main contribution to the follow-up to the HLM. The relationship with the joint integrated technical assistance programme for selected African countries should be strengthened, as should the relationship between LDC activities and **UN-NADAF**.

8. **Coordination** with other bodies in the United Nations system and with other international organizations should be enhanced.

9. The establishment of the **Trust Fund for LDCs** was welcomed. The hope was expressed that all LDCs would benefit from activities financed from the Fund. More information should be provided on how the Fund was to be used. It was hoped that more contributions would be made to the Fund. Contributions to the Fund might be more forthcoming if the Office of the Special Coordinator was properly staffed.

10. The **lack of effective participation** of LDCs in UNCTAD meetings was a matter of concern, and every effort should be made to enhance such participation.

11. Alarm was expressed at the inadequate **follow-up** to the Board's annual reviews, and it was suggested that the question be further reviewed in the context of the MTR. On **impact**, it was not clear how the impact of Board discussions could be assessed.

12. Concern was expressed that LDC-related issues had not been adequately integrated into the work of the **Commissions** or the **expert meetings**. It was suggested that LDC issues should be discussed in the context of each item taken up by Commissions, and each Commission should have before it an account of all relevant LDC-related activities, including technical assistance, undertaken in the previous year; IPC implementation should also be reported to the Commissions.

13. On **investment guides** for LDCs, the real value of such guides was not clear. **Technical assistance** should include helping LDCs in their attempts to accede to WTO. Greater attention should be given to developing a **positive agenda** for LDCs, the use of **information technologies** and **distance learning**. The LDC home page should be provided in French as well as English.

14. The **secretariat mechanisms** set up to coordinate LDC-related activities were welcomed. At the same time, it was not clear how these mechanisms worked or how successful they had been. A mechanism should also be set up to allow regular consultations with member States.

15. With regard to the **Third United Nations Conference on LDCs**, the secretariat was urged to begin preparations without delay and to brief delegations on what was being planned.

16. Work on **land-locked and transit developing countries** was welcomed, but in future all parties involved should be consulted before activities were launched. Greater care should be taken in defining mandates.

17. On **island developing countries**, greater emphasis should be placed on cooperation with other agencies in the implementation of the Barbados Programme of Action for Small Island Developing States.

Secretariat response

18. The secretariat indicated that every effort was being made to fill **vacant posts** quickly. Once they were filled, the Office of the Special Coordinator would have the resources necessary to carry out its functions. It was not the intention to try to return to a system where the Office carried out sectoral and desk functions. On the **Third United Nations LDC Conference**, it was hoped that the scope of the Conference would be more focused than in the past and that civil society would be more closely involved. On **ICPs**, limited resources meant that not all countries could be covered. On the **follow-up to the HLM**, the pace of activities was governed by the resources available; integrating the follow-up to the HLM with UNDP round tables posed specific challenges which needed to be addressed. On the **Trust Fund**, unearmarked funds, which represented about one-third of the total, were used exclusively for substantive activities relating to the design of integrated country programmes. On **information technology**, a model web site was being developed with private sector funding for countries to use if they wished.

Investment guides could be useful if seen as part of a broader programme; they must be demand-driven, cost-effective and private-sector-funded. Finally, the **impact** of Board discussions could be assessed to some extent from the feedback from member States.

Chairman's closing statement

19. The Chairman said that the priority nature of LDC issues was undisputed, but there was a lack of direction in UNCTAD as far as LDC activities were concerned, and while good results were achieved here and there, they were scattered. This was all the more serious since UNCTAD was the focal point for LDCs for the whole United Nations system. In addition, the necessary support structure was not in place, and the Special Coordinator had not been appointed, which meant that LDC issues were not taken seriously enough in the secretariat. It was true that the role of the Office of the Special Coordinator was to coordinate, and not to substitute for the sectoral divisions, but the absence of adequate staff was incomprehensible. It seemed to reflect a lack of commitment. It was therefore essential to put order into the house and in particular to have a full complement of staff. The full backing of the Secretary-General of UNCTAD and of member States was also essential. Once the proper **structures** were in place, the task would still be huge, and **cooperation** with other institutions would be essential within the integrated framework of technical assistance. Finally, through appropriate prioritization, new measures to attract the private sector and effective management of its limited resources, UNCTAD could become an engine for development.

Internal summary of discussions on cross-sectoral issues

Poverty alleviation, sustainable development, empowerment of women

1. The secretariat made brief presentations on activities relating to cross-cutting issues. With regard to poverty alleviation, the main activities involved coverage of relevant issues in the *Trade and Development Report* and liaison with other United Nations agencies. With respect to sustainable development, the main activities related to trade and environment, environmental accounting, environmentally sound technologies, and implementation of the Barbados Plan of Action for the Sustainable Development of Small Island Developing States. Technical assistance in this area related to climate change, biodiversity, a proposed UNCTAD/UNEP panel on the use of economic instruments for international environmental policy, and development of training for developing countries in environmental negotiations having a linkage with trade and development. As far as empowerment of women was concerned, the main activities involved country studies on the situation of women entrepreneurs in LDCs and a contribution to the 1999 world survey of the role of women in development, for which an internal secretariat task force had been set up.

2. In the following discussion, the main points made were as follows:

(i) Work on cross-cutting issues, particularly poverty alleviation and empowerment of women must be better integrated into the work of the intergovernmental machinery, the secretariat's analytical work and technical cooperation activities.

(ii) Since work on these three cross-sectoral issues was also carried out in other organizations, it was important to determine where precisely UNCTAD could add value. One area of value added would be the research capacity of UNCTAD. Another would be the trade and development dimension it could bring to bear on the issues in question.

(iii) Work on each issue should be reported on to the Commissions.

(iv) Work on poverty alleviation should be situated in the context of the overall social impact of globalization.

(v) In work on poverty alleviation, UNCTAD should cooperate closely with ILO, which had established a working group on the social impact of globalization on women.

(vi) In work on sustainable development, particular areas of focus in the period up to UNCTAD X could be sustainable management of natural resources, economic instruments and environmentally sound technologies (ESTs). With regard to the follow-up to the sixth session of the Commission on Sustainable Development, UNCTAD would be working with other agencies on the development of a vulnerability index and specific aspects of ESTs. In the immediate future, training activities would be limited because of budgetary constraints.

UN-NADAF

3. The secretariat made a brief presentation of activities relating to UN-NADAF. The Board had been dealing with the matter in two different ways: at its regular session, it analysed substantive issues, while at executive sessions it examined UNCTAD's specific contributions to UN-NADAF. In addition, within the framework of a project supported by the Japanese Government, two workshops had been held in Africa to examine successful development experiences in East Asia.

4. In the following discussion, the main points made were as follows:

(i) The new approach followed by UNCTAD since the forty-third session of the Board, whereby the Board analysed substantive issues at its regular sessions and examined UNCTAD activities in favour of Africa at executive sessions, had proved satisfactory.

(ii) The focus on Africa in the secretariat's work had increased significantly in recent years.

(iii) Internal secretariat coordination should be improved, and the necessary human resources should be made available for that purpose. The focal point system should be made more effective.

(iv) The under-representation of African countries in the secretariat, especially at the senior levels, could affect the efficacy of Africa-related activities, and steps should be taken to remedy the situation.

(v) It was important to ensure that the secretariat had the necessary expertise in African issues.

Economic cooperation among developing countries

5. The secretariat made a brief presentation of activities relating to ECDC. In the Division on Globalization and Development Strategies, the main activity related to the Japanese-funded project on the application of East Asian experiences to African countries. In the Division on Investment, Technology and Enterprise Development, the main activities related to investment, and more particularly to a possible multilateral framework for investment, the promotion of investment among developing countries and entrepreneur training. In the Division on International Trade in Goods and Services and Commodities, the main efforts were concentrated in the areas of GSTP, services, competition policy and commodities. In the Division for Services Infrastructure for Development and Trade Efficiency, the main focus was on ASYCUDA, ACIS and Trade Points. At the central coordination level, reports had been produced for the General Assembly and for the High-level Meeting of the Group of 77 in San José, and backstopping had been provided for a number of international meetings.

6. In the following discussion, the main points made were as follows:

(i) ECDC issues should be better integrated into the work of the intergovernmental machinery of UNCTAD, particularly the Board and the Commissions, with a view to providing proper guidelines for work in that area.

(ii) Internal secretariat coordination for ECDC should be improved.

(iii) In work on ECDC, regional and interregional approaches should be emphasized.

Working Party on the Medium-term Plan and the Programme Budget

7. The following main points were made:

(i) The role of the Working Party was unique, in that it discussed the original budget proposals of the Secretary-General of UNCTAD before they were submitted to Headquarters and subsequently submitted its comments on the United Nations Secretary General's proposals directly to the CPC/ACABQ/Fifth Committee. Its role was

also invaluable, in that it enabled the Secretary-General of UNCTAD to ensure that there was a basic consensus among member States on programme and budgetary matters.

(ii) With regard to the discussion of the original budget proposals, problems had arisen with regard to postponement of meetings, late circulation of documentation, and non-availability of documentation in all languages. To help avoid such problems, the Working Party should be involved in processes at the earliest possible stage, and coordination between the UNCTAD secretariat and Headquarters should be improved.

(iii) With regard to the submission of the Working Party's comments to New York, these comments had tended to be ignored, therefore reducing the effectiveness of the Working Party. It was not possible for the UNCTAD secretariat to "represent" the views of the Working Party in New York, nor under existing rules for the preparation of the budget would it be possible for the Chairman of the Working Party to present the views of the Working Party. It would therefore be important for delegations to liaise better with their counterparts in New York in this context.

(iv) With regard to membership, States that did not intend to attend meetings of the Working Party should refrain from seeking membership. The status of observers should be clarified, as should the role of group coordinators.

(v) The structure and programming of Working Party meetings should be improved.

8. The Chairman requested the secretariat to present to the Board options for solutions to the problems affecting the Working Party. The proposed solutions should be compatible with the existing budget rules and acceptable to Headquarters. One possible solution could be to regard the Working Party principally as an internal tool of UNCTAD.

Cooperation with international organizations

9. The secretariat presented an updated progress report on UNCTAD's cooperation with international organizations (UNCTAD/EDM/Misc.54), highlighting the wide-ranging cooperation with WTO and ITC (on the Integrated Programme of Technical Assistance for Africa, for instance), the joint preparation with WTO of the report on market access for the High-level Segment of the Economic and Social Council, and the extensive cooperation with the Department of Economic and Social Affairs. Attention was also drawn to the memoranda of understanding agreed with UNDP and UNIDO, and the likelihood of increased cooperation with UNEP.

10. In the following discussion, the main points made were as follows:

(i) The overall aim was to achieve synergy, ensuring that cooperation was complementary and duplication of work was avoided.

(ii) Delegations needed not only details on actual cooperation, for example attendance at meetings, but also an overall view of the division of labour between the organizations concerned. It was vital to approach cooperation with a clear view of what constituted UNCTAD's comparative advantage in a particular area, and what value added it could contribute to a particular activity.

(iii) The legal basis for cooperation should be determined. The practice of concluding memoranda of understanding with other organizations was commended.

(iv) Arrangements for cooperation should be transparent.

(v) The possibility of setting up inter-agency task forces should be looked into.

(vi) The secretariat was requested to provide a written statement on progress, if any, in cooperation on the follow-up, including at the country level, to the WTO High-level Meeting on Integrated Initiatives for Least Developed Countries, and information on cooperation with WTO and WIPO on electronic commerce and investment.

Cooperation with the private sector and civil society

11. The secretariat presented a preliminary draft report on UNCTAD's relations with the private sector and civil society, giving recent examples of the participation, at both the intergovernmental and secretariat level, of non-governmental organizations, trade unions and representatives of business in UNCTAD activities. Private-sector involvement in the following areas was described: technical assistance (particularly in the Global Trade Point Network), risk management, accounting standards, investment policy reviews, ASYCUDA and biotrade. The forthcoming Partners for Development meeting in Lyon would give a boost to UNCTAD's cooperation with civil society, particularly in getting across the message that it was worthwhile for the business community to become involved in the work of UNCTAD.

12. It was pointed out that the current rules made it very difficult for individuals to participate in the work of UNCTAD. Member States could help by nominating individuals from the private sector as their representatives at some meetings.

13. In the following discussion, the main points made were as follows:

(i) The move to involve all stakeholders in the work of the United Nations as a whole, and UNCTAD in particular, was welcomed, but the need for caution in the following areas was stressed:

- Legal implications, for example the status of some stakeholders.

- Ethical implications: although businesses might show some degree of altruism, and the globalization of the economy in

some ways required them to cooperate more and more at the international level, they would always have one eye on their profits, and would be expecting some return from their participation in meetings. Non-profit organizations also had their own agendas. UNCTAD should not be exploited by partners either for profit or to advance the interests of pressure groups: there was a fine line between cooperation which was to the mutual benefit of all partners and exploitation of one partner by another.

(ii) The participation of civil society in the work of UNCTAD must somehow be regulated so that, on the one hand, it was as balanced and representative as possible and, on the other, it did not overwhelm the secretariat by sheer force of numbers.

(iii) UNCTAD should be wary of becoming an "academic talking shop", and should make greater efforts to involve representatives of the business community in the intergovernmental machinery.

(iv) National non-governmental organizations should only be invited to participate with the prior knowledge of national Governments.

(v) Suggestions for the future included:

- Define civil society;

- Seek the opinion of the legal counsel in New York, and, if necessary, change the rules governing participation of civil society in the work of UNCTAD;

- Study how other parts of the United Nations system are addressing the issue, with a view to learning from their experiences and rationalizing the present system-wide ad hoc approach;

- Consider setting up an ad hoc group to prepare guidelines;

- Involve civil society in specific projects where their expertise would be clearly beneficial.

III. MID-TERM REVIEW SUPPORT DOCUMENTATION

Subprogramme 1: Globalization and Development

Introduction

1. Following UNCTAD IX and the restructuring of the UNCTAD secretariat, the focus of the subprogramme is generally to facilitate the process through which developing countries meet the challenges and utilize the benefits of globalization to accelerate the attainment of the objectives of sustainable development.

2. In accordance with legislative mandates provided in paragraphs 87, 89, 95 and 97 of "A Partnership for Growth and Development" and the medium-term plan, the subprogramme's activities are divided into the following general areas:

(a) The provision of the analytical underpinnings and other substantive support for intergovernmental deliberations on interdependence and global economic issues from a development perspective, concentrating on specific macro and micro issues; the impact of globalization on the development process; and lessons learned from successful development experiences;

(b) Examination of specific challenges related to debt problems of developing countries, especially the LDCs; examination of ways and means to mobilize the private sector in order to encourage financial flows, in particular portfolio flows, to developing countries; and seeking opportunities to help developing countries integrate into the world economy and achieve sustainable development through, inter alia, analysis and operational activities related to a greenhouse gas emissions trading system, trade financing and financial risk management;

(c) Provision of technical assistance to developing countries in their debt management;

(d) Contribution to the implementation of the UN-NADAF and the System-wide Special Initiative on Africa;

(e) Provision of assistance to the Palestinian People;

(f) Support for general secretariat needs for documentation reference, coordinating statistical activities in UNCTAD and the provision of information retrieval and reference services.

(g) Impact of economic reform and liberalization on enterprise development.

I. Interdependence and global economic issues

3. During the reporting period, *Trade and Development Reports 1996* and *1997* provided the background for the Board's annual deliberations on "interdependence". Both reports were published and launched according to

schedule. Part one of both reports reviewed "global trends" in the world economy and international financial markets, whereas part two of *TDR 1996* was dedicated to "Rethinking development strategies: Some lessons from East Asian experience" and part two of *TDR 1997* discussed interrelationships between "Globalization, distribution and growth". Informal discussions were held during the Board's sessions, with the participation of experts on these topics.

4. In the context of technical support for the Intergovernmental Group of Twenty-four, some 20 research and position papers were submitted to the G-24 Technical Group and Ministerial and Deputies' Meetings, and 16 papers were published in volumes VII and VIII of the series "International Monetary and Financial Issues for the 1990s", through which the research findings are made available to broader audience.

Impact

5. The *Trade and Development Reports 1996* and *1997* represented major contributions to the intergovernmental and public debate on development policies, especially on lessons for development strategies that could be drawn from the East Asian experience, and the implications of globalization on economic growth and income distribution. Delegations commented extensively on the reports and were highly appreciative of their analytical quality. Both reports were also widely commented on in the international press.

6. At its thirty-third session, the Board adopted agreed conclusions which reflected satisfaction with the secretariat's analysis of development experiences and invited the secretariat to pursue this work. In particular, the secretariat was invited to formulate lessons which might be considered by African countries (see cross-cutting issues).

7. The efforts to facilitate consensus-building among member States helped the Board at its forty-fourth session to arrive at agreed conclusions on agenda item 3 ("Interdependence and global economic issues from a trade and development perspective: Income distribution and growth in a global context"). In the conclusions, the Board, inter alia, expressed its appreciation for the research undertaken in the *1997 Trade and Development Report* and urged the secretariat to continue to study aspects of globalization as part of its future work on interdependence, including both opportunities and challenges.

8. In the context of the reform of the United Nations, the Secretary-General of the United Nations highlighted UNCTAD's comparative advantage in research and analysis of global macroeconomic issues, owing inter alia to the high quality of the analysis contained in the *TDR*, and UNCTAD was given lead responsibility in this area. Furthermore, the UNCTAD secretariat is being increasingly requested by Governments and intergovernmental organizations to provide advice on major issues of current international concern.

9. Specialized economic journals and publishers are increasingly seeking to publish the results of UNCTAD's research:

- An extract of *TDR 1997* was published by a highly respect United States journal dealing with current economic issues, *Challenge*;

- Private publishers have expressed interest in publishing part two of *TDR 1997* on globalization as a paperback aimed at students of economics;

- A selected number of papers from the Asian project will be published in the summer of 1998 in a special issue of the *Journal of Development Studies* dedicated to UNCTAD.

10. The activities in the context of technical support for the Intergovernmental Group of Twenty-four have enhanced international debate and consensus-building on the requirements for international monetary and financial policies that support development. They have in particular helped the members of the G-24 in their preparation for discussions and negotiations within the framework of the IMF and the World Bank. The technical support project is one of the main pillars for the activities of the G-24, and in their deliberations members of the Group have drawn on the research and position papers provided with the logistic and substantive support of the Macroeconomic and Development Policies Branch. Around 20 research and position papers have been discussed extensively in the G-24 Technical Group and Ministerial and Deputies' Meetings.

11. In its recent review of United Nations economic reports, the United Nations University's World Institute for Development Economics Research (UNU/WIDER) praised the high quality of UNCTAD's *Trade and Development Report* for the way it combines solid economic analysis with innovative analysis on widely debated issues. It also recommended that the other reports follow the example of the *TDR* in exploring one carefully chosen topic each year.

Shortcomings

12. Due to resource constraints, it is not possible to carry out every year a detailed analysis of economic performance, policies and prospects in all developing regions and transition economies.

Cross-cutting issues

13. Further to the Board's agreed conclusions at its forty-third session, two workshops were held in the context of the examination of successful development experiences and lessons that can be drawn from them in Africa. The workshops brought together policy-makers from a number of African countries, as well as experts and representatives from the public and the private sector and other international organizations, to discuss the research and preliminary findings under the project "Economic Development and Regional Dynamics in Africa: Lessons from the East Asian Experience". In this context, a series of studies were commissioned by the UNCTAD secretariat which

will provide the background documentation for a conference financed by the Covernment of Japan and hosted by Mauritius towards the end of September 1998, with the participation of African countries and experts.

14. Substantive support was also provided for research on the paper entitled "Performance, prospects and policy issues for African economies" in the context of the Board's consideration of UNCTAD's contribution to the UN-NADAF.

15. In the area of ECDC, substantive and technical support was provided to the Group of 77 at its request at the San José High-level Meeting and its follow-up. In compliance with the relevant General Assembly resolutions, the state of South-South cooperation was kept under review and the report of the Secretary-General to the fifty-second session of the General Assembly on the state of this cooperation was prepared. In response to requests by UNDP and the General Assembly, UNCTAD backstopped and provided a report to a meeting of the Pivotal Countries in TCDC, held in Chile. UNCTAD is also contributing to the substantive preparations for the meeting of the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation among Developing Countries (IFCC-X).

Impact

16. The workshops on the examination of successful development experiences and lessons that can be drawn from these for other developing countries, especially in Africa, helped to raise the awareness of policy-makers of both the successes and the shortcomings in East Asian development experiences, while at the same time increasing the policy relevance of the ongoing research on recovery and development in Africa. The conference to be held in Mauritius, by bringing together policy-makers from all African countries, as well as experts and representatives from the public and the private sector and other international organizations, will represent an important occasion to disseminate the findings of UNCTAD research in the area of development strategies and to receive feedback from practioners.

Coordination and cooperation with other organizations and research institutions

17. Close cooperation has been undertaken with other international organizations both within and outside the United Nations system. These include WIDER, the United Nations University, ECLAC, ECE, ASEAN, the World Bank, IMF, and G-24. Extensive contacts and cooperation exist with a wide range of economic research institutes and universities in all continents. UNCTAD co-published with the Institute of Strategic and International Studies of Malaysia the "Proceedings of the International Conference on East Asian Development". In the context of the G-24 project, in 1996 Macmillan published "The international monetary and financial system: Developing country perspectives".

Work to be carried out before UNCTAD X

18. *TDR 1998* will concentrate on the East Asian financial crisis and analyse policy approaches designed to mitigate such crises in the future. It will also have a major section devoted to African development drawing on the

research undertaken in the context of the Japanese-funded project and in-house research. In addition to the regular programme of work related to the preparation of the *TDR*, new arrangements with DESA in New York will require a major input into the joint UNCTAD/DESA annual report on *World Economic Prospects*. Furthermore, depending on the availability of sufficient resources, UNCTAD should provide a major contribution to the preparations for the conference on financing for development. It will also service the General Assembly on issues relating to global financial markets and integration. With regard to the analytical work being carried out on African development in the context of the Japanese-funded project, preparations and studies are under way for the convening of the conference being hosted by the Mauritius Government in September 1998.

II. Finance, debt problems and sustainable development

19. The three broad areas of work are being implemented as indicated below.

1. Mobilization of foreign investment flows

20. In line with the mandate given by UNCTAD IX, a Pilot Seminar on the Mobilization of the Private Sector in order to Encourage Foreign Investment Flows towards the LDCs was organized in June 1997 in collaboration with UNIDO. Feasibility studies were undertaken on foreign investment in the sectors of tourism, agro-industries and infrastructure through a project financed by the Norwegian Government. In order to further disseminate the information among the investment community, a publication on these investment opportunities (*Investing in Pre-emerging Markets*, UNCTAD/GDS/GFSB/3, ISBN 92-1-112423-9) has been made available for investors.

21. Substantive support has been provided to the Commission on Investment, Technology and Related Financial Issues in the area of portfolio investment. The *World Investment Report* contained a chapter on portfolio equity investment in 1997, analysing the economic impact of different portfolio investment mechanisms.

22. An Expert Meeting on the Growth of Domestic Capital Markets, Particularly in Developing Countries, and its Relationship with Foreign Portfolio Investment is being convened in May.

Shortcomings

23. Doubts have been expressed by some Governments as to the mandate of UNCTAD to embark on a long-term programme of work in this field. The matter needs clarification.

Impact

24. The Pilot Seminar has enhanced awareness of the investment opportunities in LDCs. The outcome of the Seminar was used as an input to the thematic round table on "Encouraging Investment in LDCs" at the High-Level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development. The Seminar also led to tangible outcomes. Trigone Capital Finance, a private finance company based in Geneva, whose representative was a panellist at the

Seminar, decided to launch a Global African Development Fund, in consultation with UNCTAD. The size of the Fund is targeted at $200 million. In addition, the business community of Geneva has approached UNCTAD and proposed to replicate the experience of the Pilot Seminar on a broader scale involving all emerging markets and international investors by organizing an annual forum on emerging markets in Geneva.

Cooperation with other organizations and the private sector

25. In the context of the Pilot Seminar, UNCTAD collaborated closely with UNIDO, IFC and the Commonwealth Development Corporation. A partnership was also forged with the private sector. Subsequent to the Pilot Seminar, UNCTAD has been working hand-in-hand with the private sector in both the launching of the African fund and the preparations for the annual international forum for emerging markets in Geneva.

26. Close cooperation has been established with ECA and the Africa Capital Market Forum to undertake technical assistance activities on capital market development in Africa.

27. UNCTAD is also cooperating, in particular, with the Bank for International Settlements, the International Organization of Securities Commissions, the Investment Company Institute and national governmental institutions in the context of the preparatory work for the Expert Meeting on the Growth of Domestic Capital Markets, Particularly in Developing Countries, and its Relationship with Foreign Portfolio Investment, scheduled for May 1998.

Work to be carried out before UNCTAD X

28. Contributions to the *World Investment Report* on portfolio investment will continue.

29. The outcome of the Expert Meeting on the Growth of Domestic Capital Markets will be used, together with other UNCTAD reports, to underpin the discussions at the high-level segment of the forty-fifth session of the Trade and Development Board.

30. Further analysis will be undertaken on measures to mobilize private financial flows to LDCs through public sector support. This work will be reported in the *LDC Report 1998*.

31. In compliance with the recommendations of the Pilot Seminar and the High-Level Meeting on LDCs' Trade Development, a project document on "Building capacity in the least developed countries to attract foreign investment through venture capital funds" has been prepared and forwarded to potential donors for consideration.

32. As an extension of the work on portfolio investment, the Branch is also working in the area of capital market development.

2. Debt problems

33. Research and analysis on the debt problems of developing countries are regularly reported in the *TDR* and the *LDC Report*.

34. In 1997, a study on "Debt sustainability, social and human development and the experiences of the HIPCs" was prepared and presented at a conference organized by Eurodad in The Hague in January.

35. Every year, contributions have been made to the report of the Secretary-General of the United Nations on debt problems of developing countries, which serves as the background document for the General Assembly's debate on the issue.

36. UNCTAD participated in all debt renegotiation meetings within the Paris Club of bilateral official creditors. Debtor countries, especially the low-income countries in Africa, were assisted in their negotiations through the provision of comments on their memoranda and requests before and during meetings.

37. In October 1996, a seminar was organized on sub-Saharan Africa's debt to non-OECD official creditors. The seminar was attended by high-level officials responsible for debt management.

38. In the agreed conclusions of the Board at its forty-fourth session, UNCTAD was requested to monitor closely the relationship between debt and the capacity of African countries to generate savings to support investment, and to continue to provide assistance to African countries in their preparations for negotiations in the context of the Paris Club. Advisory services on financial strategies were provided to countries which are not renegotiating their debt.

Impact

39. Research in the area of debt raised the awareness of the international community and contributed to the debate leading to the debt relief initiative for the heavily indebted poor countries (HIPC). The secretariat's analytical paper on HIPCs has also had a positive influence on the debate on improvements of the HIPC initiative.

40. Appreciation for UNCTAD's participation in Paris Club debt renegotiation meetings and the assistance provided to the debtor countries was expressed by debtors through official communications.

Shortcomings

41. Further progress needs to be made in integrating the development lessons resulting from work on debt management problems.

Work to be carried out before UNCTAD X

42. The analytical work on debt and financial flows to LDCs will be used as inputs to the Board's deliberations on the topic.

43. In line with the UNCTAD/DESA agreement on the division of responsibilities between the two departments in the macroeconomic area, UNCTAD is assuming responsibility for monitoring the general debt situation of developing and transition countries and preparing the relevant report to be submitted to the General Assembly (resolution 52/185).

44. Contributions will be made to the end-of-the-decade review of the Programme of Action for LDCs in the areas of finance and debt.

3. New opportunities for achieving sustainable development

45. Among the new opportunities, attention has focused on financial mechanisms to allow developing countries to integrate into the world economy and achieve sustainable development. Analysis and/or operational activities have concentrated on trade financing, financial risk management and a greenhouse gas emissions trading system.

46. In 1996, a survey entitled "Review of progress in trade-finance facilities of developing countries at the interregional, regional and subregional levels" was prepared. Subsequently, in collaboration with the Export-Import Bank of Korea, another report entitled "Prototype model of a trade financing facility: an export-import bank drawing on the experience of the Republic of Korea" was published. The purpose of the study was to provide a benchmark and guidelines for the establishment of such an institution.

47. In view of the strong interest expressed by export credit institutions in further analysis of trade-financing schemes, a new survey is being conducted.

48. In the area of financial risk management, many countries have expressed interest in training on the use of instruments to hedge financial risks. The first training activity in this area will be undertaken in Mauritius.

49. As for greenhouse gas emissions trading, UNCTAD initiated relevant work in 1991. Research financed by extrabudgetary resources made a significant contribution to the ongoing international negotiations in this area. Cooperation has been established with the secretariats of UNEP and UNFCCC. Likewise, cooperation with the private sector and especially the Earth Council has helped to establish a Policy Forum on emissions trading to assist with the implementation of the Kyoto Protocol.

Work to be carried out before UNCTAD X

50. In the area of trade financing, the secretariat, at the request of export credit institutions, will publish two reports:

1. Analytical survey of new developments in trade financing mechanisms in developing countries and countries in transition;

2. A report on the modalities of cooperation between commercial banks and official agencies to facilitate trade financing.

51. A contribution will be made to preparatory work for a United Nations Conference on Financing for Development (General Assembly resolution 52/179), based on the work undertaken in the areas mentioned above (investment flows, debt, new financial mechanisms).

Main shortcomings

52. Given resource constraints, it was not possible to address all requests for assistance in the areas of debt, financial strategies and capital market development.

III. Debt management

53. UNCTAD's work in the area of debt management is undertaken mainly by the Debt Management and Financial Analysis System (DMFAS) Programme. With more than 30 active country projects and expenditures of around $2.5 million per year (excluding the United Nations regular and support cost budget), the DMFAS Programme is one of UNCTAD's major technical cooperation programmes. UNCTAD's examination of development challenges will integrate the important development lessons learned about debt management problems from the DMFAS Programme work in this area.

54. The DMFAS Programme has constantly improved upon its product and services. The number of client countries has also continued to expand and is expected to increase to 60 by the year 2000. The major feature of the Programme is the implementation of a specialized debt management software package designed to meet the operational, statistical and analytical needs of debt managers in Ministries of Finance and/or Central Banks. Implementation is undertaken through country projects funded by all regional development banks, World Bank trust funds, the Swiss Government, UNDP and, in some cases, by the beneficiary Governments themselves. All work on the development and maintenance of the software and country implementation is supported by a central team of experts (currently 16 professionals) based in UNCTAD. Since 1995, bilateral donors (Belgium, Denmark, Italy, Finland, Netherlands, Norway, Sweden and Switzerland), have provided the main source of financial support for this central staff. Donor meetings were held in Geneva in September 1994, June 1996 and May 1998.

55. In response to high demand from countries presently cooperating with the DMFAS Programme, UNCTAD organized, from 10 to 19 December 1997 in Geneva, its first international debt management conference. It comprised a three-day seminar, during which some 25 debt management experts and professionals expressed their views on different topics and new trends related to debt management (including asset/liability or risk management) and information technology. The seminar was followed by a five-day workshop on the reporting and analytical capabilities of DMFAS 5.0 with a view to establishing good debt statistics. The conference was attended by more than 200 participants from close to 60 countries, as well as representatives from 13 international and regional institutions. Due to the success of this event, it will become a regular feature of the DMFAS Programme. This will greatly enhance the understanding of debt management problems in developing countries and economies in transition, in accordance with the outcome of UNCTAD IX.

Impact

56. DMFAS pays for itself by making debt-servicing procedures more efficient and by checking inconsistencies in the claims of creditor agencies. Substantial savings can also be made by avoiding unnecessary costs such as overpayments to creditors or penalty interest due to poor bookkeeping. However, while direct gains can be identified, the overall benefits of complete, accurate and timely information on debt and, more generally, of effective debt management are widely recognized as being essential for policy-making purposes.

57. An independent evaluation of the DMFAS Programme, undertaken by Helbling Management Consulting AG and funded by the Swiss Government, was finalized in early 1998 and presented to a donors' meeting in May 1998. The evaluation concludes that the product and services of the DMFAS Programme are state-of-the-art in debt management, that the DMFAS fulfils an existing need of developing countries and economies in transition and that the DMFAS Programme will continue to be indispensable for worldwide debt management. It also underlines that sufficient and stable funding is a necessary precondition for the successful, long-term development of the DMFAS Programme. The consultants make a comprehensive set of recommendations for the establishment of a standard cost accounting system, a formal (partial) cost recovery mechanism and an umbrella trust fund.

Shortcomings

58. The major problem facing the Programme is its financial instability. While the DMFAS software is operational in a constantly growing number of countries, UNCTAD has accepted responsibility for providing a continuing "maintenance service" to DMFAS client countries. This includes the provision of system updates and enhancements in order to keep pace with rapid developments in international financial practices and information technology. Support therefore extends beyond the completion of country activities. Also, the sustainability of DMFAS in some countries is affected by the difficulties of Governments in retaining properly trained staff. The sustainability of country projects depends greatly on the continuous support of Geneva-based central support staff. For the above reasons, the success of the DMFAS Programme critically depends on a strong central support team in Geneva. This has placed heavy demands on the limited resources available at UNCTAD. The Programme therefore remains highly dependent on extrabudgetary resources provided by bilateral donors in order to fund the central support staff in Geneva. However, this flow of resources has become rather unpredictable, and this has hampered the adequate medium-term planning of the development of the product and its services.

Cross-cutting issues

59. DMFAS is or will be installed in 17 African countries. In order to increase its support for these countries, the Programme is endeavouring to set up regional support centres in Africa. DMFAS is also or will be installed in close to 20 LDCs. A similar number of highly indebted poor countries (HIPCs) are or will be receiving assistance from the Programme (see below).

Coordination and cooperation with other organizations and the private sector

60. Since 1992, the DMFAS Programme has been a cooperating partner of the Eastern and Southern African Initiative on Debt and Reserves Management (ESAIDARM), which has now been transformed into the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI). The DMFAS Programme, in coordination with other partners, is interested in the establishment of a similar entity in francophone West and Central Africa. The DMFAS Programme maintains close contacts with UNDP and the World Bank, and it also coordinates its activities with other multilateral and regional organizations, such as the IMF and the regional development banks, which in one way or another are associated with DMFAS country projects.

61. The DMFAS Programme is cooperating with the HIPC Capacity-Building Programme in Debt Strategy and Analysis, funded by Austria, Denmark, Sweden and Switzerland and executed by Debt Relief International, a private consultancy firm based in London, within the context of the multilateral debt initiative for the heavily indebted poor countries (HIPCs). Of the 41 HIPCs, more than 20 are receiving or will receive assistance from DMFAS through implementation of software and related services.

62. Within the above context, the DMFAS Programme is collaborating with the International Economics Department of the World Bank. This collaboration will in the first place concern further development, maintenance, distribution and training in respect of the World Bank's Debt Sustainability Module (DSM+), specialised software which, after internal acceptance at the World Bank and the IMF, may become the standard software tool for debt sustainability analysis.

Work to be carried out before UNCTAD X

63. In collaboration with bilateral donors, further work needs to be undertaken in order to ensure the sustainability of the DMFAS Programme. This will include the implementation of the recommendations of the independent evaluation, namely the establishment of a standard cost accounting system, a partial cost recovery mechanism and an umbrella trust fund. Preliminary work is being undertaken by the DMFAS Programme in order to establish the (provisionally named) World Association of Debt Management Offices (WADMO). In view of the limited financial and human resources of the Programme, this initiative will be pursued when the DMFAS Programme has further studied its feasibility and sustainability.

IV. UNCTAD's contribution to UN-NADAF

64. "A Partnership for Growth and Development" calls for a review by the Board of UNCTAD's contribution to the implementation of the UN-NADAF. The Board, in its agreed conclusions 436 (XLIII), requested that the Secretary-General of UNCTAD report on activities undertaken by the secretariat in response to paragraph 5 of its agreed conclusions and, in addition, requested that the Board's consideration of the matter involve a focused

informal debate with the participation of experts. A detailed document (TD/B/EX(15)/2) outlining activities being undertaken in UNCTAD was prepared and submitted to the fifteenth executive session of the Board in response to this request.

65. For its forty-fourth session, in 1997, a document was prepared for the Board's consideration entitled "UNCTAD's contribution to the implementation of the UN-NADAF in the 1990s: African economic performance, prospects and policy issues" (TD/B/44/12). This document studied the recent growth performance of the African countries, analysed the sustainability of this performance and the requirements for continued growth in Africa, and put forward a certain number of policy recommendations. Three highly qualified experts participated, as requested by the Board, and this proved to be highly effective in arriving at agreed conclusions.

Impact

66. The report submitted to the fifteenth executive session of the Board was welcomed by delegations as being the first comprehensive report prepared by UNCTAD presenting the full range of activities being undertaken by the organization in favour of Africa. The Secretary-General of UNCTAD was requested to present a similar report in 1998.

67. At the forty-fourth session of the Board, full discussion took place at both the formal and the informal sessions, with the participation of experts, on economic development issues of importance to Africa. Delegations welcomed the quality of the analysis presented in the secretariat study. The fact that the policy recommendations made by the UNCTAD secretariat were by and large adopted is an indication that Governments agreed to the thrust of the analysis contained in the document.

68. The impact of the work undertaken is evidenced by the renewed interest of delegations in the UNCTAD secretariat's work related to Africa, as well as by the agreement reached in the context of the Board which has taken the international consensus on economic issues of crucial importance to African development a step forward. The secretariat was given additional mandates in areas related to debt, ODA, agriculture, economic integration and macro analyses with regard to Africa.

Shortcomings

69. Additional staff resources would be required if coordination on issues related to Africa was to be undertaken in a more rigorous and systematic manner. Further, a more timely and efficient information flow with regard to work being undertaken for the benefit of Africa by divisions would enhance the capacity to undertake coordination in this important area of the secretariat's activities.

Cooperation with other organizations and the private sector

70. UNCTAD serves as lead agency for the sector "Trade access and opportunities and investment" in the context of the United Nations System-Wide Special Initiative on Africa (SIA). UNCTAD reports regularly to the steering

committee established to review progress in the implementation of the SIA, particularly with regard to the trade projects it is undertaking in cooperation with the ITC and the WTO. UNCTAD was requested by the steering committee and the ACC to take the lead in cooperating with UNIDO in organizing an inter-agency technical meeting to discuss specific efforts by various agencies to promote trade, investment and industrial development in Africa. UNCTAD also cooperates closely with UNDP on various projects in Africa (reported in sectoral contributions), as well as with ECA, OAU and a number of subregional African organizations.

Work to be carried out before UNCTAD X

71. A report on UNCTAD's activities in favour of Africa is being presented to the eighteenth executive session of the Board in July. Preparations are under way for the convening of a conference devoted to African development, to be held in Mauritius towards the end of September (see cross-sectoral issues under "Interdependence and global economic issues"). Preparations are also under way for the Board's consideration of the item related to UNCTAD's contribution to the UN-NADAF, on "Prospects for trade, agriculture and industrialization", using the section devoted to Africa in *TDR 1998* as background. The secretariat will continue to prepare analyses and studies on African development and contribute to inter-agency efforts directed at African economic development and recovery.

V. Assistance to the Palestinian people

72. Work in this programme area reflects legislative mandates established prior to Midrand and redefined in the context of the 1998-2001 medium-term plan, as approved by the General Assembly (A/51/6/Rev.1, paragraph 9.13 (e) on assistance to the Palestinian people). UNCTAD's assistance to the Palestinian people aims to develop capacities for effective policy-making and management pertaining to international trade, investment and related services, in close coordination with the work of other international organizations. This implies an implementation strategy largely based on technical cooperation activities, drawing on UNCTAD's established technical, analytical and policy advisory capacities in the four major substantive areas of work in the secretariat.

Activities since Midrand

73. In line with this new orientation, technical assistance activities (training, advisory services, project formulation) were initiated by the secretariat in 10 project areas, pursuant to requests by the Palestinian Authority (PA). Project implementation in one of these commenced in 1997, with work in several due to commence in 1998, followed by the others later. UNCTAD's projects are designed to utilize concrete modalities of technical cooperation to strengthen Palestinian public and private sector institutional and managerial capacities, along with advisory services to develop the regulatory and procedural environment affecting Palestinian trade, investment and related services. This deployment of UNCTAD's cross-sectoral technical expertise has been backed up through the maintenance of its analytical and action-oriented research capacity, reflected in the publication of four major studies on related issues since 1996, as reported to the Trade and Development Board at its forty-fourth session.

Impact

74. Both in qualitative and in quantitative terms, the objectives set out above are being addressed through the secretariat's biennial work programme. The impact of the above-mentioned technical cooperation activities is difficult to gauge, as no single project has yet been completed and others are about to commence. However, the number of requests for advisory services, actual missions undertaken, the subsequent follow-up by UNCTAD and the PA to mobilize project resources, and the vigorous and close cooperation in this regard all attest to the relevance of, and demand for, UNCTAD's assistance. Recent endorsement by Egypt and Jordan of an UNCTAD project to promote subregional cooperation with the PA in trade facilitation is a further indication of the growing interest in UNCTAD's proposals. The actual extrabudgetary funding already approved by different sources for projects to be implemented during 1998-1999 (over $550,000) also attests to the achievements of this programme, based on a sustained and systematic approach to the secretariat's work programme.

75. UNCTAD's studies and reports on the issue have become standard references for research and policy-analysis exercises by a number of concerned parties. To the extent that the PA has endorsed UNCTAD's proposals for technical cooperation activities emanating from the findings of research and analysis, the capacity for effecting changes in policy is clearly recognized and accepted by the prime beneficiary of UNCTAD's work. Though increasingly "demand-driven", this work programme also responds to the interests and concerns of UNCTAD's broader constituency, through regular contacts and dialogue, as well as formal review over the biennium through the Board's deliberations on UNCTAD's assistance to the Palestinian people.

Main shortcomings

76. The difficult circumstances at the field level have constituted a major cause of interruptions, delays or other factors hindering the smooth implementation of programme objectives. The uncertain security and political situation, coupled with the lack of a regular presence in the field, has rendered communications with project partners, contacts with donors and follow-up with other agencies increasingly cumbersome. Existing inter-agency coordination arrangements are overburdened by the number and diversity of international agencies calling upon their services, and organizations not based in the Palestinian territory are less able to benefit from field coordination mechanisms. With constrained regular budget staff resources available for this work programme, it has been difficult for the secretariat to identify and mobilize potential funding sources, succeed in obtaining project approval and funding, and actually commence project implementation expeditiously.

Cooperation with other agencies and the private sector

77. All of UNCTAD's technical cooperation activities are closely coordinated with the PA and concerned elements of civil society, including the private sector, NGOs and academia. At the same time, both the UNDP Programme of Assistance to the Palestinian people and the United Nations Special Coordinator in the Occupied Territories (UNSCO) are regularly informed of the progress of UNCTAD's work. As specific technical assistance activities are

designed and implemented, the necessary consultation and coordination is maintained with relevant international organizations, donor representatives and other concerned parties.

Work to be carried out before UNCTAD X

78. As indicated in the 1998-1999 programme budget, a number of technical cooperation projects will have been implemented by the time of UNCTAD X, a range of advisory services provided and specific technical material prepared for external users. In addition to the six projects programmed for completion this biennium, at least three new projects should receive funding and commence activities by the end of the biennium. The successful achievement of these objectives calls for an innovative approach to deployment of regular and extrabudgetary resources. The secretariat report, programmed for the forty-sixth session of the Board, will provide a full account of the progress in the work of the secretariat in this area.

VI. Information Management

79. Since UNCTAD IX, the Information Management Branch of UNCTAD includes three basic elements, namely Information Technology; Statistics; and Information Retrieval and Reference. Steps were taken to increase potential synergies among the three areas and reorganize them to respond to increasingly complex user requirements. Despite the efforts made and the improvements that were introduced, all-round reductions in expenditures have entailed major gaps in all three areas.

Impact

80. Information management is an important element in determining the efficacy with which UNCTAD responds to complex substantive mandates and increased communications requirements necessary to address a wider non-governmental audience and an increased number of economic, academic and business sources of up-to-date information and data on the issues addressed by the organization. The Information Management Branch, in cooperation with substantive divisions and services, ensures and coordinates the development and implementation (in English, French and Spanish) of UNCTAD's Website:

(a) UNCTAD relies on its *IT infrastructure* to support its research, prepare its documentation, disseminate information, maintain its Internet presence, provide internal and external communications and manage its human and financial resources. Effective support of this infrastructure requires considerable investment in hardware, software, and sophisticated IT skills. Main areas of emphasis include LAN and user support, communications, applications development and maintenance of Website construction and maintenance;

(b) *The statistical section* plays a key substantive role in the support of economic research carried out both by the secretariat and by other institutions and individuals by maintaining a broad-based internally consistent database of national and international economic and financial statistics in easily accessible formats. Work is under way to complement the traditional publications (*Handbook of International Trade and Development Statistics* and the *Monthly Commodity Price Bulletin*) with CD-ROM publications designed for ease of access with standard current software;

(c) *The information retrieval and reference service* provides a variety of research material to the secretariat, consultants, experts, Governments and other institutions. Its impact could be improved through the strengthening of links with libraries, academic institutions, business associations, policy-making departments and relevant non-governmental bodies, as well as through the provision of information capabilities for delegates, especially from LDCs.

Shortcomings

81. Although individual outputs obtain a high level in terms of quantity and quality, a number of problems need addressing. Given the rapid development of this field:

(a) The resources for the IT infrastructure are becoming insufficient for its maintenance at commonly accepted standards;

(b) Accepted United Nations practices for procurement and recruitment are not well adapted to the requirements of a rapidly changing IT environment;

(c) Training of staff and management in the use of modern IT tools will need increased emphasis;

(d) The potential for the organization to increase its effectiveness through increased use of the Internet and Lotus Notes, not only for dissemination of information but also to facilitate the interchange of ideas, remains largely untapped.

Cross-cutting issues

82. The use of the Internet and other forms of electronic conferencing has the potential to increase the effectiveness of UNCTAD as an intergovernmental arena for discussions, while reducing the substantial costs involved in traditional meeting formats. The Statistical Section coordinates statistical work throughout UNCTAD. For example, it reviews and supplies statistical tables and data to several flagship publications prepared by UNCTAD. The diffusion on the Internet of UNCTAD publications and up-to-date information on all intergovernmental meetings (i.e. outcomes, agendas and texts of pre-session documentation) in all official languages will be a challenging task in increasing UNCTAD's capabilities in information management.

Coordination and cooperation with other organizations, academic institutions and the private sector

83. The information management team is developing suitable consultation and cooperation forms tailored to the specific functions and objectives to be achieved. Information technology has to be kept up to date with the newest industry standards, to enable the team to participate actively in the definition and implementation of United Nations standards. In preparing the *Handbook of International Trade and Development Statistics* and the *Monthly Commodity Price Bulletin*, the statistical section consults and keeps abreast of the evolution of economic, financial, trade, investment, commodities, services and other definitions and classifications used within the United Nations and outside by major national and international organizations in order to systematize data and produce its own time-series. In the

statistical field, UNCTAD plays an important role and participates in consultations within the United Nations system and international forums on statistical issues. The information retrieval and reference group establishes contacts with a broad range of organizations, institutions, business associations, universities, etc., worldwide in an effort to share documentation and information with a diversity of independent sources on themes and issues of particular interest to UNCTAD.

Work to be carried out before UNCTAD X

84. Increased efforts by management will be needed to set priorities in such a way as to ensure that the IT infrastructure is adequate in terms of meeting the needs of the secretariat and Governments.

85. For the preparation of UNCTAD X, it will be necessary to build up the capacities and capabilities of the secretariat and permanent missions to access information sources such as ProQuest, Datastream, Worldscope, Oxford Analytica, the Economist's Intelligence Unit, the World Bank, IMF, OECD, etc., and to have at their disposal the most recent publications and documentation in consonance with the evolving agenda of the Conference.

VII. The impact of economic reform and liberalization on enterprise development

86. This work is related to paragraph 3 (iv) of the agreed conclusions of the Commission on Enterprise, Business Facilitation and Development at its first session (TD/B/COM.3/4). The draft conceptual framework for the empirical field studies at the firm level has been prepared, and the available empirical evidence is being reviewed. A draft project has been prepared for field studies at the enterprise level.

Impact

87. The results of the study will be used for the formulation of technical cooperation projects. The objective is to contribute to capacity-building at the macro and micro level for formulation of policies by Governments and the enterprise sector in order to improve the competitiveness of developing countries in a globalizing and liberalizing world economy.

Shortcomings

88. Financing for the field studies is not yet available.

Cross-cutting issues

89. African and least developed countries will be given priority for the field studies.

Work to be carried out before UNCTAD X

90. The field studies will have to be completed and their findings synthesized for the consideration of the Commission on Enterprise, Business Facilitation and Development.

Subprogramme 2: Investment, Technology and Enterprise Development

Introduction

1. The Conference at its ninth session agreed that UNCTAD should continue to provide a forum for intergovernmental discussions, with the participation of representatives from the private sector, concerning issues related to privatization, enterprise development and international flows of investment. In particular, UNCTAD should promote the international dialogue among development actors for the purpose of assessing the challenges and opportunities for enterprise development arising from the emerging new economic conditions, including the post-Uruguay Round environment. This set of activities would focus on investment, enterprise development and the participation of enterprises in the global economy, and issues related to technology and development.

2. In paragraph 89 of "A Partnership for Growth and Development" (TD/378), the Conference identified specific elements of a work programme on investment, technology and enterprise development and in paragraph 97 (iii) areas for technical cooperation in this field. It also decided that the elements relating to investment (para. 89 (a)-(g)) and technology (para. 89 (k)-(m)) would be dealt with by the Commission on Investment, Technology and Related Financial Issues, while those relating to enterprise development (paragraph 89 (h)-(j)) would be dealt with by the Commission on Enterprise, Business Facilitation and Development.

3. The subprogramme also continues to provide substantive servicing of the Commission on Science and Technology for Development of the Economic and Social Council in dealing with technology issues.

1. Achievements

Deepening understanding of key issues relating to investment, technology and enterprise development

4. The Division on Investment, Technology and Enterprise Development (DITE), through the *World Investment Report* (1996, 1997) and other publications, 2/ has worked to deepen the understanding of the relationship between trade, technology and investment, the linkage between foreign direct investment (FDI) and competition policy, the special problems of Africa, future prospects for FDI in light of the current financial crisis in Asia, and issues related to a possible multilateral framework on investment (MFI). The impact of this work can be measured in terms of (i) the agreed conclusions of the Commission on Investment, Technology and Related Financial Issues at its

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2/ The *World Investment Directory* series, non-recurrent publications such as *International Investment: Towards the Year 2001* (published together with Invest in France Mission, Arthur Andersen and the Délégation à l'aménagement du territoire et à l'action régionale (DATAR)) and *Sharing Asia's Dynamism: Asian Direct Investment in the European Union*, and its *Transnational Corporations* journal, *The TRIPS Agreement and Developing Countries*, *Fostering Technological Dynamism: Evolution of Thought on Technological Development Processes and Competitiveness*, and *Technological Capabilities and Export Success in Asia* (published by Routledge).

first session in 1996, which noted the "utility and analytical quality" of the *Report*; (ii) acknowledgement of UNCTAD's expertise as evidenced by the support given to a role for UNCTAD's MFI-related activities by the Ministerial Meeting in Singapore of the World Trade Organization (WTO); (iii) numerous requests for seminars and workshops on a possible MFI; (iv) wide public interest in the *Report* as well as other publications related to FDI as demonstrated by global press coverage and UNCTAD's readership survey, in which the *Report* received a top grade for usefulness; and (v) the favourable reception of the *World Investment Directory* for Africa by African institutions and firms interested in investing in Africa.

5. Through its science, technology and innovation policy reviews (STIPs) and its investment policy reviews (IPs), DITE is developing an integrated approach to investment and technology, and furthering understanding of national systems of innovation and their relationship to investment promotion. STIPs have been completed in two countries. The impact of this work has been immediate: the Governments of both countries have begun to act upon the recommendations contained in the reviews. IPs are under way in four countries and an IP/STIP review in a least developed country. Demand for these activities is a measure of the interest they hold for countries; seven more countries have made requests. The need for extrabudgetary resources and a lack of in-house personnel make it difficult to respond rapidly to these requests.

6. A greater understanding of best practices in investment promotion has been achieved through the preparation of a manual, its diffusion to members of the World Association of Investment Promotion Agencies (WAIPA), and discussions around this theme at WAIPA and at an expert meeting. The impact of this work is measured by the demand for additional research and analytical work, as well as for training programmes dealing with investment promotion.

7. Through publications and two expert meetings to be held later this year, DITE is raising awareness of the significance and impact of the emerging forms of technological partnerships and the conditions favourable for such partnerships and technology capacity-building at the enterprise level. DITE expertise in this field has been recognized by requests from other international organizations as well as institutions at the national level for papers and presentations based on this work. At the request of, and with the financial support of, the Republic of Korea, DITE, in collaboration with the Department of Economic and Social Affairs of the United Nations and the United Nations Environment Programme (UNEP), has carried out a feasibility study on the role of publicly-funded research and publicly-owned technologies in the transfer and diffusion of environmentally sound technologies. The report stresses the role that networks and partnerships can play in this process.

8. In the conclusions to the first session of the Commission on Enterprise, Business Facilitation and Development, Governments acknowledged a number of new elements for the creation of integrated enterprise development strategies. These include the need for a representative, all-inclusive dialogue between the public and private sectors, special assistance to small and medium-sized enterprises (SMEs) to allow them to participate in this dialogue, and

policy coherence at the macro/micro and federal/local levels, as basic principles in the design of effective enterprise support services. The design of new projects within the Entrepreneurship Development Programme (EMPRETEC) and the Centres for Innovation and Enterprise Development (CIEDs) is putting these principles into practice.

9. In publishing *Knowledge Societies: Information Technologies for Sustainable Development* (Oxford University Press), UNCTAD, as part of its servicing of the United Nations Commission on Science and Technology for Development, has deepened understanding of access to information and communications technologies and of the impact of these technologies on development.

Consensus-building through the intergovernmental process: impact on policy-making

10. In its work programme on a possible MFI, DITE is helping developing countries to participate more effectively in international discussions and negotiations on FDI, giving them the opportunity to explore the full range of issues related to a possible MFI and to identify interests, opportunities and development implications. This work programme involves a two-track process that encompasses the servicing of intergovernmental debates in the Commission on Investment, Technology and Related Financial Issues and its expert meetings on this together with the secretariat's analytical work, which includes the preparation of a series of papers on key issues and concepts related to a possible MFI and their implications for development. Informal consensus-building activities in the form of seminars, regional symposia and other training activities relating to a possible MFI are also under way. The impact of the work programme and these activities can be measured by: (i) the conclusion of the second session of the Commission in 1997, urging UNCTAD to continue its valuable work on issues related to a possible MFI; (ii) the results of evaluations by participants in the regional symposium held in Fèz, Morocco, and the seminar for Geneva-based delegates in Glion; (iii) the large number of government officials and representatives of the private sector who have participated in these events; and (iv) the number of requests for seminars and workshops of this sort.

11. The Expert Meeting on Investment Promotion and Development Objectives identified the following new areas of intergovernmental cooperation: strengthening cooperation between inward investment promotion agencies in host countries and outward investment promotion agencies in home countries; assisting host countries in employing incentives more effectively; and exchanging experiences on investment promotion, particularly on targeting investors.

12. The fifteenth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting achieved unanimous consensus on guidelines to Governments and enterprises on how environmental transactions and events are to be reported in financial statements. The guidelines were widely reported in the press and numerous inquiries for copies were received from transnational corporations.

International measures to support national institutions and capacity-building

13. Among the main vehicles contributing to capacity-building on investment issues in developing countries are: (i) the possible MFI training programme and workshops dealing with investment promotion, whose impact can be measured by the great interest shown by Governments and the business community in participating and actively cooperating in the implementation of these activities; (ii) a workshop in Kunming based on *The Handbook on Foreign Direct Investment by Small and Medium-sized Enterprises in Asia*, to be published in 1998, which provides practical advice and measures for developing countries, in particular least developed countries (LDCs) in Asia, to promote FDI by SMEs and to maximize their contribution to development; (iii) the large number of government requests for advisory services on investment and technology (the establishment of a quick response facility has enhanced the secretariat's capacity to respond to these requests); and (iv) the "LDC investment guides" project undertaken in 1998 as part of UNCTAD's partnership with the private sector.

14. Capacity-building in the enterprise sector has been enhanced by: (i) the EMPRETEC programme: a total of 386 workshops have been held and 10,870 *empretecos* have been trained in nine countries. Programmes are being formulated for Cuba, Egypt, Morocco and Namibia, and the programme has been expanded in Zimbabwe, with increased training and the creation of an endowment fund. The programme has not yet been extended to Asia because of the length of time required to design appropriate projects for each different national environment and the difficulties in raising the necessary extrabudgetary resources; (ii) a pilot project for creating CIEDs in four countries (Côte d'Ivoire, Ghana, the United Republic of Tanzania and Zimbabwe); and (iii) networking between African and Asian business people.

15. Best practice on technology partnerships was promoted through the Helsinki Workshop on Technology Partnerships for Capacity-Building and Competitiveness. The report of the Workshop received high ratings for usefulness, utility of recommendation, relevance and timeliness in the 1996-97 readership survey.

16. Support for accounting reform and development has been given in the form of: workshops on environmental accounting (Moscow), on regulation of the auditing profession (Kiev and Moscow), and on accounting for SMEs (Moldova); eight briefing sessions on removing barriers to trade in accountancy services (Geneva); and field projects in accounting reform and retraining in Azerbaijan, where basic legislation was drafted and 200 auditors trained in modern accounting and auditing methods.

Integrating civil society

17. The main avenues for the integration of civil society into the work of the secretariat include the possible MFI programme exchange through meetings of the Commission on Investment, Technology and Related Financial Issues and its expert groups, and special events such as the European Round Table of Industrialists and the Glion seminars. In addition, partnership projects with the private sector (LDC investment guides) offer opportunities for dialogue between the private and public sectors.

18. Almost 100 national investment institutions have now signed up as members of WAIPA. WAIPA is an independent network for information exchange and cooperation established by UNCTAD and supported by other international organizations, including the United Nations Industrial Development Organization (UNIDO), the Multilateral Investment Guarantee Agency (MIGA) and the Organization for Economic Co-operation and Development (OECD). UNCTAD support includes training for WAIPA member officials.

19. National EMPRETEC projects involve local business representatives on their advisory councils. The network of Asian-African business people and the project on women entrepreneurs bring UNCTAD into direct contact with the private sector. Similarly, DITE's work on technology partnerships involves collaboration with scientific groups, including institutes, universities and professional associations.

20. In the accounting field, joint activities with professional associations such as the International Federation of Accountants, the Arab Society of Certified Accountants, the Association of Chartered Certified Accountants, Swiss banks and environmental non-governmental organizations have been undertaken.

2. Outstanding tasks and future focus

21. Most of the activities referred to above are ongoing processes. Several have only begun during the past year-and-a-half. To further enhance their impact and generate tangible outcomes, they will have to be pursued with vigour. In the two-and-a-half years that remain before UNCTAD X, the following issues should be given priority at both the intergovernmental and secretariat levels, with a view to strengthening their contribution to development.

22. **Investment and innovation policy reviews**: by the end of 1998, six IPs and the STIPs will have been completed and could provide a basis for an intergovernmental exchange on national policies in the Commission on Investment, Technology and Related Financial Issues. Individual country policies could be subject to peer review through a special adaptation of the expert group mechanism. A pragmatic outcome could be the production of a framework to review national investment and technology policies.

23. **EMPRETEC**: funds must be secured to satisfy existing requests and to extend the programme to Asia.

24. **Revitalization of a multilateral approach to science and technology issues**: the vehicle for this could be the United Nations Commission on Science and Technology for Development and/or possibly the high-level segment of the Trade and Development Board in 1999 on the occasion of the twentieth anniversary of the United Nations Conference on Science and Technology for Development (Vienna Conference). The outcome could be a common vision for the contribution of science and technology to development in the twenty-first century (Agenda 21 in the field of science and technology for development).

25. **Harmonization of accounting and reporting standards**: the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting will continue its work, focusing on a global curriculum and accounting for SMEs. The outcomes will be guidelines on a global curriculum for international accounting and reporting, and guidelines on accounting for SMEs. The Working Group also needs to complete its work on environmental performance indicators and to disseminate its outputs to Governments and enterprises.

26. **Elaboration of development-friendly criteria for international investment agreements**: this could be the focus of an expert meeting and might include hearings involving civil society. At the secretariat level, work will continue in research and policy analysis to support the intergovernmental process. The outcome could be a framework for the analysis of the development-friendliness of international investment arrangements.

27. **Launching of a training component of the MFI programme**: the training component of UNCTAD's possible MFI work programme could be further developed and become the equivalent of a TRAINFORTRADE programme. In addition, training programmes on investment structured along the lines of the WTO training programmes are expected to be launched.

28. **LDC investment guides**: as part of UNCTAD's partnership with the private sector, extrabudgetary funds are being sought to complete the first 12 LDC investment guides.

Annex I

CURRENT ACTIVITIES WITH REGARD TO AFRICA

1. International Investment, Transnationals and Technology Flows Branch

1. The Branch is working on publication of the *World Investment Directory: Volume V - Africa*, a source book on FDI in Africa for international investors and national and intergovernmental policy makers as well as researchers in academia. This volume contains 53 country profiles, presenting data and information in a common format. Each country profile provides, among other things, a short description of the country's FDI situation and investment policy, as well as the definition of FDI and various statistics regarding the country's FDI.

2. As part of the work programme to help developing countries to participate as effectively as possible in discussions on international investment arrangements, UNCTAD organized the first of its series of regional symposia on "International investment arrangements: the development dimension", held on 19 and 20 June 1997 in Fèz, Morocco. The symposium helped to familiarize government officials from African countries with existing investment arrangements, especially as regards the lessons that can be drawn from a development perspective, and contributed to better understanding and consensus-building in this area. The symposium provided an opportunity for policy makers and potential negotiators from the African continent to reflect on these issues in an informal setting. The participants included high-level African Government representatives directly involved in international investment negotiations, experts from the academic sector, international business leaders, representatives from relevant regional and international organizations (including WTO) and representatives of the UNCTAD secretariat.

3. The joint UNCTAD/World Bank country report on "La libéralisation des services commerciaux: condition indispensable à la prospérité du commerce international de la Tunisie", undertaken in the context of the interregional project on the "Expansion of foreign direct investment and trade in services" (EFDITS) funded by the United Nations Development Programme (UNDP) looks at the telecommunications and maritime transport and port services of the country and the possible advantages to the country that might arise from the liberalization of market access to foreign service-providers in these sectors, both through trade and FDI.

4. As part of the interregional project on EFDITS, country studies were prepared for Uganda and Tunisia. The study on Uganda, entitled "Strengthening the service infrastructure: Uganda", looked at the country's services infrastructure for the development of industrial and commercial projects, and the services infrastructure for the export/import process, and made recommendations on how to make the infrastructure more efficient through the liberalization of access to foreign service-providers. The study on Tunisia, to be published in May 1998, looks at the telecommunications and maritime-transport sectors of that country.

5. The project on "Investment guides for least developed countries" produces investment guides that provide potential investors with objective,

accurate and up-to-date information on investment opportunities and conditions in LDCs, the majority of which are in Africa. The guides should also be a tool for promoting a policy dialogue between Governments and the private sector. The project design also incorporates a capacity-building component: with the help of seminars before and after the preparation of the guides, as well as through interaction with UNCTAD and a consultancy firm that has expertise in the production of investment guides, a local institution will be trained to continue with the subsequent production of the guides. UNCTAD is currently preparing a pilot phase of the project which will include approximately six countries, the majority of which will be from Africa.

6. At the request of the Secretary-General of the African, Caribbean and Pacific (ACP) Group of States, the UNCTAD secretariat has prepared a paper entitled "Foreign direct investment in ACP countries". This paper, which was one of the background documents for the First Summit of ACP Heads of State and Government held in Libreville on 6 and 7 November 1997, focuses on the ways and means of enabling ACP countries to attract foreign investment and technology. It also identifies measures that could be taken by other countries, in particular countries of the European Union, to assist in improving the technological infrastructure and skill base in the ACP countries, in particular African countries.

7. The **World Investment Report 1997: Transnational Corporations, Market Structure and Competition Policy** (Sales No. E.97.II.D.10) contains a special section on FDI in Africa, including a detailed analysis of the role of South Africa and of South African transnational corporations in the regional integration process in southern Africa.

8. Case studies on Morocco and Zimbabwe are among a number of case studies for the interregional project on "Transnational corporations and industrial restructuring in developing countries". The report on the project is expected to be completed in June 1998.

9. A paper on "Investment policies in Africa and how investment issues are dealt with in international agreements" was prepared and presented at an ad hoc expert meeting on "Appropriate follow-up mechanisms to the first WTO ministerial conference and modalities to facilitate Africa's effective participation in the second WTO ministerial conference" organized by the Economic Commission for Africa in collaboration with UNCTAD and WTO as part of the "Addis Forum on Investment in Africa", held on 8 and 9 March 1998 in Ethiopia.

10. A paper on "Asian foreign direct investment in Africa" was presented at the First Subregional Workshop on Asia-Africa Trade and Investment Diversification and Networking, held from 24 to 28 November 1997 in Harare. The paper focuses on Africa's potential for attracting FDI from Asia, a new and growing source of capital. It discusses the trends of Asian FDI in Africa and the problems Asian firms face, and suggests policies to enhance investment from Asian firms.

11. A fact sheet on FDI in Africa is being prepared following the request made by the Commission on Investment, Technology and Related Financial Flows at its second session, held from 29 September to 3 October 1997. The fact

sheet describes the current state and trends of FDI in Africa, and analyses investment opportunities in Africa, and discusses policy measures at the national as well as international level to promote further flows of FDI into Africa.

12. A new project on Asian FDI in Africa will start in mid-1998. It will seek to improve understanding of how African LDCs can attract FDI from Asia and utilize it effectively for development. Strengthening South-South cooperation and the involvement of the private sector in LDCs can promote economic growth, and Asian firms can facilitate this process by directing its FDI to Africa. Trends in FDI, especially from Asia, and factors underlining them will be analysed, opportunities and prospects for FDI examined, and the implications of Asian FDI for the development of African LDCs assessed.

2. National Innovation and Investment Policy Branch

13. The technical cooperation activities of the Branch are demand-driven and undertaken at the request of Governments. The activities are financed by contributions from donor countries and multilateral organizations.

- Within the framework of UNCTAD's Integrated Country Programme for the Gambia, an investment policy and recommendations for the investment code were drawn up and an analysis of the activities of the Indigenous Business Advisory Services undertaken.

- In Eritrea, assistance was provided to the Department of Mines in establishing a registration system for mining licences and royalties.

- An investment policy review is being undertaken in Uganda. In addition, advice was given to the Investment Authority of Uganda on the draft of the new investment code. A joint project with UNIDO was undertaken to prepare a pre-feasibility study for an industrial estate/export-processing zone.

- Work has begun on a comprehensive investment, science and technology policy review in Ethiopia, with the aim of making its economic and scientific base more competitive.

- Advice on common investment legislation was given to the West African Economic and Monetary Union.

- The implementation regulations for the new investment legislation in Sao Tome and Principe were finalized and advice was given to the Government on its negotiations with a foreign investor for a free economic zone.

- In Egypt, an investment policy review is being undertaken in close cooperation with the private sector.

- Within the context of a regional project for the Arab States on the harmonization of investment legislation, studies on the present investment legislation were undertaken in Morocco and Egypt.

- With the assistance of UNCTAD and other multilateral organizations, including UNDP, UNIDO and MIGA, investment promotion agencies from Africa are being enabled to actively participate in the work of WAIPA.

3. Enterprise Development Branch

14. The Branch is currently undertaking 10 separate activities or projects to promote enterprise development in Africa.

15. **EMPRETEC**: this is a capacity-building programme to foster the growth and competitiveness of SMEs in developing countries. The programme is operational in Ethiopia, Ghana, Nigeria and Zimbabwe. New projects are being initiated in Egypt and Morocco. Projects for Namibia and other sub-Saharan countries in Africa are being initiated in 1998 in the framework of the UNDP Enterprise Africa programme.

16. **CIEDs**: these are designed to promote a process of problem-solving innovation in African manufacturing firms by assisting them to define their problems and mobilize the necessary resources to solve them. The programme is in a pilot phase in Côte d'Ivoire, Ghana, the United Republic of Tanzania and Zimbabwe.

17. **Mediterranean 2000**: this is a four-year capacity-building programme to stimulate the growth and competitiveness of SMEs in 10 developing countries of the Mediterranean Basin and Horn of Africa. The programme is being extended to the following African countries: Egypt, Eritrea, Ethiopia, Morocco, Tunisia and Uganda.

18. **Enhancing the participation of women entrepreneurs in LDC economies**: this project is to assess and report on the impact that successfully implemented policies have had on promoting entrepreneurship among women and to identify those measures adopted at international conferences which have not been implemented but need to be implemented if women are to become and remain entrepreneurs in the formal sector. The African LDCs selected for the project are Burkina Faso, Ethiopia, the Gambia, Madagascar, the United Republic of Tanzania and Zambia.

19. **Growing small and micro enterprises in LDCs**: this project is intended to contribute to the development of national production capacity by stimulating the "missing middle" in the enterprise sector by proposing practical policies and measures for enterprise development which promotes the growth of small and micro enterprises and increases their linkages with the formal sector. The project includes Burkina Faso and Zambia.

20. **Restructuring the Indigenous Business Advisory Service**: this project is intended to assist the Gambia's efforts to restructure the Service and transform it into an autonomous institution.

21. **Networking through trade and direct investment in commodities and other products**: this project brings together Asian and African entrepreneurs in a series of workshops in Asia and Africa to explore possible business links. A two-week study tour to Jakarta and Bangkok was held in December 1996

for 25 African entrepreneurs from 13 sub-Saharan countries to discuss possible trade and investment linkages with some 200 Indonesian and Thai enterprises. A five-day Asian-African trade and investment networking workshop was held in Harare in November 1997, with the participation of some 60 African entrepreneurs from 12 sub-Saharan countries and 6 business people from Indonesia, Malaysia and Thailand.

22. **Promotion of competitive and innovative SMEs**: the project is organizing a workshop to be held in Dubai to discuss selected issues which are crucial to the successful participation of Somali business people and traders in international trade, and to examine possible technical-assistance activities to strengthen and promote private-sector development, including participation in trade, in Somalia.

23. **African Leather Trade and Industry Assembly of the International Trade Centre**: UNCTAD is participating in this conference and will present a seminar on the role of support structures in promoting SME development. In particular, UNCTAD will assist in the formation of a regional business association.

24. **Accounting for SMEs**: this project will identify the differing accounting needs of SMEs as compared with those of transnational corporations. The project will identify the financial information needed by SMEs for external users such as banks, investors, potential partners and tax collectors. Morocco, Botswana, the Sudan, the Democratic Republic of the Congo and Cameroon are participating in this project. The end result will be a set of guidelines on accounting for SMEs, as well as the accounting training module for EMPRETEC.

Annex II

EMPRETEC AND CIED

1. Terms of reference

1. **Midrand mandate**: In the area of enterprise development, UNCTAD should focus on the following issues:

> "Continuing to assist interested developing countries with policy-related issues and training activities concerning entrepreneurship development through programmes such as EMPRETEC 21 and in the area of reform of public-sector enterprises ..." (para. 84 (h), "A Partnership for Growth and Development")

2. **Commission on Enterprise, Business Facilitation and Development**:

> "The Commission requests the secretariat to develop further its technical cooperation activities in the area of enterprise development and, in cooperation with other competent United Nations organizations and agencies, to develop and expand the EMPRETEC programme. The Commission requests the secretariat to solicit contributions to extrabudgetary resources for this purpose."
>
> (Agreed conclusions on enterprise: issues relating to an enterprise development strategy, item 7, Report on the first session, 20-24 January 1997)

2. Achievements since Midrand

Country level

3. **Egypt**: an EMPRETEC project for Egypt was formulated in consultation with the Government of Egypt. An agreement between UNDP and Egypt's Social Fund for Development providing the funding for the first 18 months of a three-year programme has been signed.

4. **Morocco**: initial activities on EMPRETEC Morocco were undertaken in cooperation with the Department of Economic and Social Affairs, including a mission to ensure closer linkages between EMPRETEC Morocco and other EMPRETEC programmes. A private-public sector foundation is being set up to oversee the project. Funding from Belgian partners has been secured for the first 12 months.

5. **Namibia**: a project based on the EMPRETEC model was formulated for Enterprise Namibia within the framework of Enterprise Africa, a UNDP initiative being implemented in cooperation with UNCTAD and other international organizations. UNDP will provide seed funding, and will seek additional funds from bilateral donors.

6. **Zimbabwe**: an additional 150 entrepreneurs were trained An endowment fund was created in 1997 with support from the Reserve Bank, the private banking sector, UNDP, the United States Agency for International Development

and the private sector programme of the Danish International Development Agency. The fund will guarantee the financial self-sustainability of the project and set a precedent for other EMPRETEC projects. The EMPRETEC Zimbabwe Foundation was established in 1997 and subsequently the executive responsibility for the project was transferred to the Foundation, thus ensuring the organizational sustainability of the project.

Regional level

7. **Africa**: the CIED project was launched with a pilot project funded by the International Development Research Centre (Canada) and inaugurated with an initial training session in Geneva in November 1997. The UNDP Enterprise Africa programme will fund CIED activities in 1998-1999. The participating countries are Côte d'Ivoire, Ghana, the United Republic of Tanzania and Zimbabwe. The EMPRETEC and CIED projects in Ghana and Zimbabwe have agreed to work closely together within the framework of a partnership arrangement. UNCTAD was selected as a partner organization to implement new EMPRETEC-like projects in Africa within the framework of the UNDP Enterprise Africa programme.

8. **Latin America**: an EMPRETEC programme for Central America was formulated in consultation with the Central American Integration System (SICA) and leading SME organizations in the region. The Spanish Agency of International Cooperation (AECI) has agreed to fund the initial two workshops in Guatemala, and is considering funding the national EMPRETEC projects for El Salvador and Nicaragua from bilateral funds. A series of training workshops on the management of change, to help SMEs to succeed in increasingly competitive markets, was held in Barcelona for *empretecos* and other entrepreneurs from Latin America. AECI has agreed to assist in the follow-up to these workshops through training activities to be conducted in its facilities in Bolivia, Colombia and Guatemala.

9. **Mediterranean**: an integrated capacity-building programme to foster the growth and competitiveness of SMEs in the region was formulated in consultation with the Italian Government.

10. **Economies in transition**: following meetings with officials of the Russian SME institution and at the request of UNDP that EMPRETEC activities should be organized in Rostov and other locations, a first mission to Russia, funded by UNDP, is being undertaken.

Global level

11. Since Midrand, over 1,000 African and Latin American entrepreneurs have benefited from EMPRETEC project activities. Over 200 entrepreneurs have been helped to start, expand or internationalize their ventures, and to enter into partnership arrangements with each other or with larger enterprises. On the basis of reports by EMPRETEC project directors, it is estimated that since Midrand some 10,000 long-term jobs have been created by *empretecos* in Africa and Latin America.

12. An EMPRETEC panel of successful *empretecos* was organized for the first session of the Commission on Enterprise, Business Facilitation and Development (20-24 January 1997). *Empretecos* testified to the important impact of the EMPRETEC programme on their businesses. The panel stimulated considerable demand for the EMPRETEC programme from the participating Governments. Business meetings were arranged for the panelists, as a result of which business links were established between Swiss enterprises and Argentine and Zimbabwean enterprises.

13. A meeting of EMPRETEC directors, heads of EMPRETEC associations and leading *empretecos* took place between 6 and 12 November 1997 in Geneva/Lons, for the purpose of exchanging information on best practices among EMPRETEC national projects and other SME support programmes. The meeting also assessed the first 10 years of EMPRETEC and identified a series of new activities to multiply the impact of the programme on the enterprise sector during its second decade.

Inter-agency cooperation

14. In line with United Nations reforms, the decision was taken to consolidate EMPRETEC activities in UNCTAD. Cooperation was agreed with UNDP (see above); UNCTAD will be one of the lead agencies in developing the Enterprise Africa programme. An initial mission to launch Enterprise Namibia has been undertaken by UNCTAD staff.

15. During the meeting of EMPRETEC directors, initial discussions were undertaken on cooperation in the delivery of specific support services of interest to *empretecos* with the following SME support organizations and programmes:

- **ITC**: possibility of ITC training EMPRETEC trainers in selected areas of ITC's competitiveness curriculum, and offering selected export support services to *empretecos* through the EMPRETEC national centres (ENCs);

- **UNIDO**: programme on quality, standardization and metrology to be made available to all ENCs;

- **Technological and Business Information System (TIPS)**: to be installed in all ENCs;

- **Fundacion Bosch i Gimpera**: foundation to assist in developing the training capacity of EMPRETEC projects in the management of change;

- **The AL-INVEST programme of the European Union**: a programme to assist in linking Latin American *empretecos* with European firms;

- **ASTER (Emilia Romagna Technological Development Agency)**: agency to assist in linkages of *empretecos* with Italian SMEs and to field-test the "Management of innovation" pilot project in selected EMPRETEC countries;

- **CBI (Centre for the promotion of imports from developing countries, the Netherlands)**: centre to provide advisory, training and marketing assistance to selected *empretecos* on a sector-specific basis for exporting to the European market;

- **CEFE (German Development Corporation SME Programme)**: to exchange best practices in SME project support.

3. Tasks that remain to be achieved before Bangkok

Country level

16. In the course of 1998-1999, new EMPRETEC projects are expected to be launched in Bolivia (pending confirmation of Spanish funding), Egypt (funding has been arranged under the UNDP Social Fund for Development), Guyana (with UNDP funding; waiting for the Government to sign the project document), El Salvador (pending confirmation of Spanish funding), Namibia (within the framework of Enterprise Africa) and Nicaragua (pending confirmation of Spanish funding).

17. In response to long-standing Government requests, EMPRETEC/CIED projects for Cuba, Guatemala and Honduras are at an advanced stage of discussion, and those for Indonesia, the Philippines, Thailand and Viet Nam are at the initial stage.

Regional level

18. **Africa**: CIEDs will initially be launched in Ghana and Zimbabwe in 1998. The diagnostic tools created during the initial training period in Geneva will be further developed through field testing and finalized during a second diagnostic meeting in Africa. A meeting of donors will be arranged with a view to supporting the extension of the project for the first three years after the pilot phase.

19. **Latin America**: the regional EMPRETEC Central America project is expected to be inaugurated in 1998 with two regional workshops in Guatemala with funding from AECI. Training capacity in management of change of the EMPRETEC projects in Latin America is expected to be developed in cooperation with the Fundacion Bosch i Gimpera and with funding from AECI. Negotiations with the Caribbean Community and the UNDP Regional Bureau for Latin America and the Caribbean for the initiation of an EMPRETEC Caribbean regional project are expected to be concluded. The CIED concept is to be extended to Latin America in cooperation with EMPRETEC projects.

20. **Mediterranean**: SME support projects are expected to be launched in four Mediterranean countries, with Italian funding.

Global level

21. A number of partnerships involving EMPRETEC are expected to be launched at Lyon:

- Between selected *empretecos* and European SMEs;

- Between the Spanish, Italian and French development cooperation organizations, UNCTAD and Mediterranean business organizations, in the implementation of Mediterranean 2000;

- Between the Inter-American Development Bank, AECI, UNCTAD and the Fundacion Bosch i Gimpera on the establishment of an Ibero-American EMPRETEC foundation.

22. A meeting of *empretecos* from around the world is to be organized for 1999, and an EMPRETEC newsletter is to be launched. A study on the first 10 years of EMPRETEC is to be completed and published, to disseminate information on best practices for supporting SMEs, and an EMPRETEC/CIED trust fund is to be established.

Inter-agency cooperation

23. Initial discussions at the meeting of EMPRETEC directors on prospective partnerships with SME support programmes and organizations is to be followed up and formalized.

Subprogramme 3: International Trade in Goods and Services, and Commodities

Analytical work and technical cooperation

Introduction

1. The Conference at its ninth session agreed that the main role of UNCTAD in the field of international trade should be to help maximize the positive impact of globalization and liberalization by assisting in the effective integration of developing countries, particularly LDCs and certain developing countries w th structurally weak and vulnerable economies, into the internation l trading system. This involves assisting in the institutional integration of developing countries and countries in transition into the multilateral trading system, as well as helping them in identifying trading opportunities and taking advantage of these opportunities.

2. In paragraphs 91 (i)-(v) of "A Partnership for Growth and Development" (TD/378), specific elements of the work programme were spelled out, and paragraph 97 (ii) identified the areas for technical cooperation in this field.

3. The Commission on Trade in Goods and Services, and Commodities was established to perform integrated policy work in this field. It was decided that the Commission could in the first year following UNCTAD IX convene up to four expert meetings. It was also decided that the component of the work programme on competition would be dealt with by the Commission on Investment, Technology and Related Financial Issues.

General issues

4. During the period under review, the Commission on Trade in Goods and Services, and Commodities held two sessions. Four expert meetings were

convened under this Commission and two expert meetings on competition law and policy under the Commission on Investment, Technology and Related Financial Issues. While the policy work of the Commission at these sessions covered many areas identified in paragraphs 91 (i)-(v) referred to above, particular attention was given to the opportunities arising in the post-Uruguay Round environment for trade and development of developing countries. In this context, special focus was placed on services sectors. At the high-level segment of the forty-fourth session of the Trade and Development Board, in-depth discussions were held on globalization, competition, competitiveness and development issues, including through a video-conference interaction with the General Assembly Second Committee.

5. On the basis of the experience gained during 1997 there seems to be a need for achieving better synergies between the Commissions and the corresponding expert meetings. In the novel approach instituted by UNCTAD IX, the Commissions were to benefit in their work from a higher level of technical expertise emanating from the expert meetings.

6. In some cases the Commission on Trade did not decide on topics for expert meetings which were closely related to the items chosen for the agendas of its own meetings. In such circumstances the Commission could not consider meaningfully the findings of its expert meetings and discuss their policy implications, as envisaged in the Final Document of UNCTAD IX. To achieve the fine tuning necessary for a meaningful interface between the Commissions and their expert meetings, there would be a need for well structured discussions on the work to be performed by the two categories of intergovernmental bodies. Nevertheless expert meetings did achieve positive results (in-depth discussions, useful findings, agreed conclusions) even when the Commission did not fully benefit therefrom.

7. According to the Midrand Declaration, "UNCTAD's policy research and analytical work must illuminate the changes in the global economy as they relate to trade, investment, technology, services and development. Such work must facilitate policy formulation within member States as they strive for development. It must lead to constructive policy dialogue among member States to enhance benefits of trade. It must respond to different and changing developmental needs in the ongoing process of integration in the global economy". In this context, the follow-up to policy recommendations by Governments is an issue that requires further consideration. On the one hand, it would be necessary for the intergovernmental bodies themselves to devote some attention to the issues relating to the implementation of their recommendations. On the other hand, in order to fully assess the relevance of these recommendations, appropriate information on follow-up action at the national level would be required.

8. The Division has arranged for sessional documents to be evaluated by the participants in intergovernmental meetings. In order fully to achieve the objectives of this exercise, a higher response rate on the part of participants in the meetings would have been required. With this qualification in mind, the vast majority of responses fell in the "very useful" or "essential" category.

9. The Division has also initiated a system for readership surveys by external end-users of its publications. Since so far only a few responses have been received in this regard, it has not yet been possible to make a meaningful evaluation of the perception of our publications by external end-users.

10. Continuous efforts have been made at achieving synergies by making the work and activities on policy research and technical cooperation mutually supportive and reinforcing.

1. Enabling countries to respond to the opportunities arising from the Uruguay Round Agreements (URAs)

11. Activities in this area have been focused on the analysis of the impact of the URAs on development and on accession to the WTO, identifying impediments to trading success, trade preferences and the analysis of issues on the international trade agenda.

(a) Analysis of the impact of the Uruguay Round Agreements on development and enhancing national capacities

12. UNCTAD is an active participant and full partner in the Joint Integrated Programme with the WTO and the ITC to identify the needs of African countries in terms of administrative infrastructure and human resources development as a result of the Uruguay Round Agreements, as well as conducting specific national studies to assess the impact of Agreements on their development prospects. National projects have been established in several countries to assist them in coping with the exigencies of WTO membership and to take maximum advantage of the special and differential measures included in the Agreements. The impact studies carried out by UNCTAD and many other organizations were analysed in a Workshop convened by the Secretary-General of UNCTAD (3-4 March 1997; for the issues discussed, see publication UNCTAD/ITCD/TED/2) with a view to improving the methodology for such studies and to identifying future negotiating priorities. Material in the form of training modules was prepared for the commercial diplomacy course which was tested in two "Training of Trainers" seminars in Geneva. The technical assistance programme for selected African countries, implemented jointly with WTO and ITC, developed project documents, methodologies and a common trust fund which will allow implementation starting in the second quarter of 1998 and may provide a model for practical follow-up to the High-Level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development. UNCTAD and WIPO are collaborating in projects in Asia and Africa to identify opportunities presented by the TRIPS Agreement.

13. **Impact:** As the first session of the Commission on Trade in Goods and Services, and Commodities (6-8 November 1996) had not been preceded by any expert meeting, the secretariat's research and policy analysis provided the main basis for member States' agreement on the future orientation of research and policy analysis, as well as technical cooperation, in the area of trade. That session adopted agreed conclusions which requested the secretariat to undertake country-specific studies, covering primarily the impact and dynamic effects of the Uruguay Round Agreements on development and the transitional and long-term development impact of trade liberalization, supply capacity,

trade policy, and capacity-building for strengthening the participation of developing countries in the international trading system. These studies are expected to help countries in taking the fullest possible advantage of the opportunities arising from the Uruguay Round Agreements, as well as in facilitating trade policy formulation. With regard to technical cooperation, it was specified that capacity-building for strengthening the participation of developing countries, particularly LDCs, in the international trading system should be an important component of the work in this field, focusing particularly on capacity-building to assist developing countries to prepare for negotiations in the context of the built-in agenda of the Uruguay Round Agreements and improve the understanding of the implications of new and emerging issues, and accession to WTO.

14. Countries benefiting from the Joint Integrated Programme have obtained a greater understanding of the steps that need to be taken to exploit the opportunities of WTO membership and to formulate and pursue trade objectives in future trade negotiations. Academic institutions in developing countries have acquired an awareness of the main subjects to be included in training programmes and are seeking further support from UNCTAD. This is expected to have a major impact on meeting the needs of developing countries in terms of understanding, implementing and taking advantage of the Uruguay Round Agreements.

15. **Shortcomings and constraints:** Efforts are needed to enhance the pedagogical skills of UNCTAD staff members with regard to the commercial diplomacy course.

16. **Cross-cutting issues:** The activities mentioned above have been carried out paying particular attention to African countries and structurally weak and vulnerable economies.

17. **Coordination and cooperation with other organizations and the private sector:** A large number of international organizations are collaborating in this exercise as a result of their participation in the Workshop mentioned above (for participating organizations, see Annex 4 to publication UNCTAD/ITCD/TED/2).

18. **Work to be carried out before UNCTAD X:** The Joint Integrated Programme with WTO and ITC has spawned a series of national projects that are being supported by UNCTAD. In addition, a major programme supported by UNDP will soon be launched in Africa. The commercial diplomacy course is being strengthened through collaboration with institutions active in training on trade policy and trade negotiations, and through the use of distance learning and other audiovisual methods. Requests have been received from institutions in many countries to adapt the course to their national context. A follow-up to the Workshop mentioned above is planned with a view to setting out priorities for future studies that will assist developing countries to identify negotiating objectives that will yield concrete economic benefits.

(b) Accession to the WTO

19. Since UNCTAD IX many developing countries and countries in transition have solicited assistance in the process of accession to the WTO. In eight

cases this assistance has been provided in the framework of national projects established for the purpose, and assistance has been provided to other countries in the context of ad hoc technical missions and regional programmes. Analytical papers have been prepared on accession and related issues, such as on the integration of countries in transition into the international trading system.

20. **Impact:** This assistance has enabled the countries concerned to participate more effectively in the negotiations, as the relevant issues have been understood by the officials involved. Officials have received training in their home countries and in Geneva, thus enabling them to face the numerous questions raised by WTO members. Their preparedness has contributed to accelerating the negotiation process. The private sector and State organizations have also been targets of this capacity-building exercise.

21. **Shortcomings and constraints:** Not all countries in the process of accession have access to the resources necessary for this exercise under their UNDP IPFs, and the secretariat's own human resources have been already stretched to meet the demands for this type of work.

22. **Cross-cutting issues:** Assistance has been provided to several African countries and LDCs which are acceding to the WTO.

23. **Coordination and cooperation with other organizations and the private sector:** These activities are coordinated with the WTO. Private sector entities in the acceding countries have participated in the seminars and training activities, and private firms in developed countries have provided training facilities.

24. **Work to be carried out before UNCTAD X:** The assistance will continue in response to requests, within the limitations of the available resources. The objective is that the majority of the countries receiving assistance will become WTO members before the year 2000.

(c) Identifying impediments to trading success

25. The tasks in this area included the preparation of the report on ways and means for improving the opportunities for the expansion of exports of goods and services from developing countries (TD/B/COM.1/13) and of the UNCTAD/WTO joint study on tariff peaks and tariff escalation (TD/B/COM.1/14) for the second session of the Commission on Trade (17-21 November 1997). The tasks also included compiling data on trade and barriers to trade in the TRAINS database and improving its usefulness as an analytical tool.

26. **Impact:** The report TD/B/COM.1/13, which drew on the findings of the relevant expert meetings, analysed a series of issues such as supply-side constraints, electronic trade, preferences, ECDC and trade in services. The same issues were covered in the Commission's recommendations, which were addressed to the international community, to Governments and to UNCTAD (see Annex I to the report TD/B/45/2). The coverage and contents of these recommendations would suggest that the findings of the relevant expert

meetings and the secretariat's research and policy analysis did contribute to the Commission's policy work. In the documentation survey carried out during that session, the majority of respondents found these two reports to be very useful to their work.

27. The requests by member States for the information from the TRAINS database, as well as those by international organizations and universities and private firms against voluntary financial contributions, and their appreciation for the information received would suggest that this work has made a significant contribution to enhancing the transparency of trading conditions at the global level.

28. **Shortcomings and constraints:** The TRAINS CD-ROM was developed initially as a tool to disseminate information to end-users with user-friendly software to extract the data. The software's analytical capability in manipulating the data to produce indicators, simulating effects of tariff reductions, etc., needs to be improved and expanded.

29. **Cross-cutting issues:** All countries for which data are available are included in this work, including LDCs and countries in Africa.

30. **Coordination and cooperation with other organizations and the private sector:** The secretariat has collaborated very closely with the World Bank, OECD, IDB and a number of regional and subregional institutions in developing the integrated databases with regard to trade flows and trade control measures, as well as in further development of analytical tools related thereto. Universities and private firms regularly finance the TRAINS CD-ROM through their voluntary contributions.

31. **Work to be carried out before UNCTAD X:** The integration of SMART and TRAINS, which would greatly assist developing countries in future trade negations, will be carried out jointly with the World Bank. Further analysis will be undertaken to identify barriers to trade in sectors of actual or potential export interest for developing countries in preparation for future negotiations. TRAINS will be made available on request to Geneva-based delegations.

(d) Issues related to trade preferences

32. UNCTAD carries out analytical work on trade preferences in favour of developing countries and executes technical assistance programmes to assist these countries to benefit from the GSP and other trade laws and regulations, as well as from the preferences granted by the EU to the Mediterranean countries in the context of the new bilateral FTAs. Assistance is also provided to developing countries involved in the formation and strengthening of subregional and bilateral trade and integration agreements. Handbooks are prepared on GSP, and information is distributed widely, including a newsletter on Internet. Advisory support is provided for the benefit of the ACP Group in the preparatory process leading to the launching of the negotiations between the ACP Group and the EU for a successor to the Fourth Lomé Convention. On an ongoing and nearly daily basis, inquiries on GSP were received and responded to, in particular from permanent missions in Geneva, WTO, the Commission of the EU and consultancy firms.

33. **Impact:** Activities have contributed to creating awareness on the part of beneficiary countries of market access conditions under preferential trade arrangements, including opportunities and various limitations which still constrain the full potential of such special arrangements. The process of subregional integration in certain developing regions has been strengthened and accelerated, with an expected positive impact on intraregional trade.

34. **Shortcomings and constraints:** Cooperation with Governments in collecting trade data and other substantive information pertinent to preferential arrangements needs to be strengthened.

35. **Cross-cutting issues:** Much of the assistance has been targeted at LDCs and African countries (e.g. SADC and UMA) and has, in part, also served to promote trade among developing countries.

36. **Coordination and cooperation with other organizations and the private sector:** In these activities, UNCTAD cooperates with subregional secretariats (e.g. SADC and UMA and ACP), as well as private sector organizations in the beneficiary countries.

37. **Work to be carried out before UNCTAD X:** Analytical work on the impact of trade preferences on trade and development of developing and other beneficiary countries will need to be intensified. This includes activities in new beneficiary countries such as those in Central Asia. Work in support of subregional groupings within the ACP countries will intensify in the context of the future strategy for the Lomé Convention, and assistance will be provided to facilitate trade among the developing countries members of the Euromed agreements, as well as with their regional trading partners. Other subregional groupings (e.g. ASEAN) have asked for assistance in facilitating the integration of new members.

38. A variety of issues relating to the future of trade preferences will be discussed at the third session of the Commission on Trade, which will be preceded by an ad hoc expert group to examine the special preferences granted to LDCs.

(e) Analysis of issues on the international trade agenda

39. UNCTAD has assisted developing countries, through analytical work and technical information, in understanding the technical aspects of issues in the post-Uruguay Round period, as well as those for future negotiations. Numerous informational and "brainstorming" meetings were organized to assist developing countries to prepare for major negotiating events, such as the first and second WTO Ministerial Conferences.

40. **Impact:** These activities have contributed to more effective and informed participation by developing countries in the post-Uruguay Round negotiations on services, as well as to their preparations for future multilateral trade negotiations.

41. **Shortcomings and constraints:** The experience of the WTO Ministerial Conference shows that the WTO has become a forum for continuous negotiations

and that in consequence developing countries need to be prepared and ready to formulate and pursue trade negotiating initiatives, particularly through developing a "positive agenda".

42. **Cross-cutting issues:** Particular attention is being given to the LDCs and African countries, especially with regard to the Lomé Convention negotiations, as well as to structurally weak and vulnerable economies.

43. **Coordination and cooperation with other organizations and the private sector:** The preparatory activities for the WTO Ministerial Conferences were carried out in collaboration with United Nations regional commissions and subregional secretariats. Other organizations such as the Bank for International Settlements contributed to the technical assistance activities.

44. **Work to be carried out before UNCTAD X:** The focus of UNCTAD's work will be to assist developing countries to elaborate a positive agenda for future multilateral trade negotiations. This will involve preparation of studies on specific issues and sectors and the organization of seminars and workshops. Particular emphasis in this area would need to be placed on enhancing the understanding of new and emerging issues, strengthening the capacity of developing countries, particularly LDCs, in the field of trade negotiations and improving the capacity of the LDCs and other structurally weak economies to take fullest possible advantage for their development of the trading opportunities arising from the processes of globalization and liberalization. The work should provide the developing countries with the necessary information and technical background material to enable them to take a more active role in setting the international trade agenda to more closely reflect their needs and interests.

2. Services

45. UNCTAD IX focused the activities in this area on assisting developing countries to strengthen their capacity in the services sector, as well as to identify export opportunities by undertaking directly related sectoral analysis. Within this framework the work programme has been oriented in two directions: first, identifying export opportunities in services sectors and modes of supply of export interest to developing countries (trade dimension); and, second, building their capacity to focus development-oriented strategies as well as trade policy mechanisms to foster domestic competitive services (development dimension). The database on Measures Affecting Services Trade (MAST) is based on GATS definitions and the main GATS negotiating principles and disciplines, so as to help strengthen the negotiating capacity of countries in future negotiations in the services sectors.

46. In addition, the secretariat has been actively engaged in a number of technical cooperation activities in the services sector, including: (a) the implementation of the Coordinated African Programme of Assistance on Services (CAPAS) which has mobilized financial and human resources to build capacities in 20 African countries; (b) implementation of national projects to develop services export capacity or policy formulation; and (c) assistance to regional and subregional groupings in their process of liberalization of trade in

services, including CARICOM, the Andean Community, the Central American Common Market, ASEAN, ALADI and regional United Nations Commissions, including ESCAP and ESCWA.

47. **Impact:** The Expert Meeting on Health Services enhanced the understanding of issues relevant to strengthening the capacity and expanding exports of developing countries in this sector; 24 out of 33 respondents evaluated the report prepared for the Expert Meeting as being very useful to their work. The technical cooperation activities have contributed to improving the capacity of developing countries in services sectors.

48. **Shortcomings and constraints:** The development of the MAST database has turned out to be a more resource-intensive activity than originally envisaged. The availability of and access to new information technologies are essential for dissemination and possible self-updating by Governments.

49. **Cross-cutting issues:** The strengthening of capacities of African countries, in particular the LDCs, on trade in services has been one of the highest priorities, particularly through the CAPAS programme. The sustainable development dimension was one of the key issues dealt with at the Expert Meeting on health services and will figure equally in the Expert Meeting on tourism and environmental services. The ECDC dimension on trade in services has figured in the preparation of joint studies, participation at seminars and workshops and in some cases the implementation of regional and subregional projects, for instance the project among Arab countries, and the African and the Asian regional projects.

50. **Coordination and cooperation with other organizations and the private sector:** Close cooperation and coordination has been achieved with WTO, ITC, WHO, the regional commissions, the World Tourism Organization and regional and subregional organizations of developing countries. Cooperation with the private sector in trade in services has been more limited, but is developing through the Expert Meetings.

51. **Work to be carried out before UNCTAD X:** Work will continue and develop to assist developing countries to clarify services issues, such as the impact of liberalization of telecommunications, financial services, air transport, the increasing use of electronic trade, and the barriers to the movement of physical persons, to define the elements of their positive agenda as regards both the GATS and specific sector negotiations of interest to them, and to refine the proposal for strengthening the mechanisms of ECDC.

3. Competition law and policy and consumer protection

52. On the basis of the final document of UNCTAD IX, General Assembly resolution 51/182 and the Set of Principles and Rules for the Control of RBPs, the work and activities in this area are focused on analytical studies on competition law and policy of particular relevance to development, assistance to developing countries, with particular focus in Africa and countries in transition, to formulate competition and consumer protection policies and legislation, including institution-building, and creating relevant inventories and databases.

53. In connection with the Singapore WTO Ministerial Declaration welcoming the work under way in UNCTAD and the contribution it can make to the understanding of issues pertaining to the interaction between trade and competition policy, including anti-competitive practices, the secretariat has contributed to the work of the relevant WTO Working Party.

(a) Work of the intergovernmental machinery and analytical work by the secretariat

54. Studies and reports have been prepared and submitted to Expert Meetings (now Intergovernmental Group of Experts) on Competition Law and Policy, which meet annually. This analytical work has been widely used in technical cooperation programmes. Substantive inputs were prepared for the WIR 1997.

55. **Impact:** Work in this area, particularly discussions on globalization, competition, competitiveness and development at the high-level segment of the forty-fourth session of the Board (see publication TD/B/44/20), discussions in the Expert Meetings, and consultations aimed at clarifying specific aspects of competition policy, have contributed to enhancing the awareness of the need for competition policy and legislation, particularly in countries undergoing market-oriented reforms.

56. The analytical studies and reports by the secretariat have also made a useful contribution in this regard. In the documentation survey carried out at the Expert Meeting (1997), the majority of respondents found the documents to be essential or very useful to their work.

57. **Shortcomings and constraints:** The number and specifically technical nature of studies and reports requested by the Expert Meeting often makes it very difficult or impossible to comply with document number and page limitations. Further, publications sometimes take a very long time to reach interested government officials in the capitals, and sometimes they never reach the right persons. This places a burden on the secretariat to make special arrangements for the dissemination of its work.

58. **Cross-cutting issues:** All studies cover - to the extent possible - cases related to LDCs, Africa, ECDC and poverty alleviation. For example, a study in preparation on "Experiences in cooperation agreements" will cover regional integration efforts in Africa (UDEAC) and Latin America (Mercosur), where common competition rules are being adopted.

59. **Coordination and cooperation with other organizations and the private sector:** Studies and reports are also made available to other organizations, including interested NGOs such as Consumers International, and the private sector (through the ICC), all of which are invited to make comments and proposals for improvements when documents are revised. Close cooperation with the WTO, the OECD and the World Bank is also ensured.

60. **Work to be carried out before UNCTAD X:** Two more IGEs on Competition Law and Policy are scheduled to take place before UNCTAD X to monitor UNCTAD's analytical work in this field. Moreover, one or two brainstorming symposiums

(ad hoc expert meetings of the Secretary-General) might be organized, in cooperation with WTO, to discuss the development dimension of competition issues and assist developing countries in building a positive agenda on these issues.

(b) Assistance to countries in formulating competition and consumer protection law and policy and institution-building, focusing on Africa

61. **Impact:** Since UNCTAD IX, UNCTAD has advised and helped more than 60 developing countries and countries in transition in their endeavours to: (i) improve awareness through national and regional seminars of the need for competition law and policy, especially in countries undertaking market-oriented economic reforms involving trade and FDI liberalization; (ii) draft competition legislation; (iii) establish a national competition authority; (iv) train officials responsible for implementation of the law; and (v) exchange information on specific techniques with foreign competition authorities in countries more advanced in this area. In recent years, some 30 developing countries, including some least developed countries, as well as many countries in transition have adopted competition legislation and started its implementation. UNCTAD's role in this respect has been very important and in some instances crucial.

62. **Shortcomings and constraints:** Faced with enormous demands, technical cooperation projects are subject to the availability of resources (both financial and human). Sometimes, irrespective of the efforts to draft projects, funding comes in a haphazard manner, affecting long-term planning. The launching of the African project is a case in point.

63. **Cross-cutting issues:** UNCTAD has considerably increased its focus on Africa, as requested by the Midrand final document. In 1998 alone, two subregional training activities, one major regional seminar for all African countries in Cairo (21-23 April) and a series of national seminars and advisory activities are being planned. As requested by Midrand, the Cairo Seminar will help UNCTAD in its task of creating relevant inventories of existing competition laws and those in preparation, establishing databases on specific restrictive business practices and establishing an in-depth technical cooperation programme for Africa. Regional integration and cooperation among developing countries involving common competition rules is one of the aims of the technical cooperation efforts (for example UDEAC, SADC); a special effort is devoted to LDCs, both in helping these countries adopt and efficiently implement competition and consumer protection legislation, and in advising on new issues and helping them devise a positive agenda in multilateral negotiations.

64. **Coordination and cooperation with other organizations and the private sector:** Close coordination and cooperation has been ensured with WTO (through a joint symposium on competition and development and the secretariat's contribution to the WTO Working Party) and with the World Bank and OECD. Close cooperation exists with NGOs, such as Consumers Internationals, the International Chamber of Commerce, other consumer organizations and academia.

65. **Work to be carried out before UNCTAD X:** In view of the increasing demand for technical cooperation, assistance to developing countries and

economies in transition will, subject to the availability of resources, continue to grow at an accelerated pace up to UNCTAD X and the Fourth United Nations Review Conference in 2000. Assistance will aim at strengthening the capabilities of developing countries, particularly LDCs, in respect of competition both at the national and the multilateral levels, with focus on a positive agenda.

4. Promoting integration of trade, environment and development

66. UNCTAD IX renewed UNCTAD's mandate to promote the integration of trade, environment and development and to assist developing countries on trade and environment issues. This mandate has been implemented through intergovernmental deliberations, policy analysis, empirical studies, briefings, workshops and seminars, using both budgetary and extra-budgetary resources. UNCTAD also acted as task manager on trade, environment and sustainable development for the Commission on Sustainable Development (CSD).

67. Activities have focused on the work that CSD-4 proposed for UNCTAD. Work on biodiversity is in a response to CSD-5's call for enhancing developing countries' capacities in this area. 3/

68. The theme trade, environment and sustainable development was considered at the second part of the first session of the Commission on Trade in Goods and Services, and Commodities, and the Commission subsequently convened two expert meetings in this area. The UNCTAD secretariat prepared a report on "Trade and environment: concrete progress achieved and some outstanding issues" for the nineteenth special session of the General Assembly and ECOSOC. The secretariat has also been actively involved in technical assistance projects, including in the areas of trade and environment, biodiversity, waste management and internationalization in the rubber sector. In collaboration with the International Rubber Study Group, UNCTAD runs a recurrent annual international workshop on the use of economic and regulatory instruments for encouraging sustainable production and consumption in the world rubber economy.

69. **Impact:** The work in this area has helped to develop a dialogue between the trade, environment and development communities, particularly at the national level, involving the business community and the civil society. It has also brought a number of issues to the international agenda and has helped develop multi-stakeholder approaches, through meetings with representatives of the private sector, Governments, NGOs and local indigenous communities in several developing countries. The secretariat has also gathered and disseminated information on promoting production and export of environmentally preferable products in developing countries.

3/ The CSD stressed the "urgent need to provide incentive measures at national, regional and international levels to promote the conservation and sustainable use of biological diversity, by enhancing developing countries' capabilities to compete in the emerging market for biological resources, while improving the functioning of the market".

70. The Expert Meeting on ISO 14000 adopted a set of recommendations on future work in this area, focusing mainly on the needs and problems of developing countries with regard to national implementation issues. The Expert Meeting on Positive Measures to Promote Sustainable Development, Particularly in Meeting the Objectives of MEAs, was unable to reach agreed recommendations, given the complexity and range of the issues discussed. Instead the experts focused on an exchange of views on four topics: ESTs, finance, climate change and biodiversity; this exchange was reflected in a Chairman's summary. In the documentation surveys carried out at the two expert meetings, the majority of respondents found the relevant reports to be very useful to their work

71. Through the technical cooperation programme, an important contribution has been made to awareness-building, policy analysis and capacity-building in developing countries, as well as to the emergence and strengthening of proactive approaches. The interest in promoting the integration of trade and environment at the national and subregional levels is resulting in many requests for technical cooperation for capacity-building.

72. **Shortcomings and constraints:** The development of a clear agenda on trade, environment and development has been difficult. This could be attributed to various factors such as the complexity of the issues, as well as shortcomings in the implementation of many of the commitments in Agenda 21. There is a need for closer cooperation and coordination with regional organizations, which should be facilitated through the design of appropriate regional technical cooperation projects. A need has been identified to design capacity-building projects at the national level in order to facilitate policy coordination and coherence.

73. **Cross-cutting issues:** Promoting sustainable development is a key objective of this programme area. There has been increased focus on least developed countries, and an Expert Meeting was held in New York (April 1997) on "Implementation of special measures for least developed countries in Agenda 21", which paid special attention to trade and environment. The 1988 LDC Report will contain a chapter on trade and environment. Most of the trade and environment activities undertaken under the regional project to strengthen institutional capacities in Asia and the Pacific focused on the LDCs in the region. A seminar was conducted in Madagascar, resulting in recommendations for further activities, including in the context of the Integrated Country Programme for Madagascar. Similarly, special attention will be given to LDCs in Africa in the context of the new regional project for Africa, as well as in the area of biodiversity. In the context of UNCTAD's Partners for Development meeting in Lyon (November 1998), the BIOTRADE Initiative is preparing a contribution in the form of a conference on "Bio-partnerships for sustainable development: Commercialisation and the bio-industry challenge".

74. **Coordination and cooperation with other organizations and the private sector:** There has been close cooperation with WTO, UNEP, ITC, UNDP, UNIDO and OECD. In June 1997 the executive heads of UNCTAD and UNEP signed a memorandum of understanding (MoU), and in November 1997, the Executive Heads of the CBD and UNCTAD signed an MoU, both focusing on joint work programmes. UNCTAD will submit to the Clearing House Mechanism of the CBD detailed information

covering the activities, documentation and data of the BIOTRADE Initiative. The UNCTAD secretariat maintained close cooperation and coordination with ISO in the preparation of the Expert Meeting on ISO 14000 standards, as well as in the context of follow-up activities. Close relations are being maintained with civil society, for example the Business Council for Sustainable Development, and NGOs such as the WWF Expert Panel on Trade and Sustainable Development. The private sector was also represented in seminars and workshops.

75. **Work to be carried out before UNCTAD X**: The focus will be on: (a) the design of a positive agenda on trade environment and development; (b) the relationship between trade liberalization and sustainable development; (c) follow up of the recommendations of the Expert Meeting on environmental management standards, particularly the ISO 14000 series; (d) work on economic instruments to achieve sustainable development, in cooperation with UNEP, as well as other activities to implement the UNCTAD/UNEP MoU; (e) implementation of the UNCTAD-CBD MoU; (f) the BIOTRADE Conference of the Partners for Development meeting; and (g) implementation and development of UNCTAD's activities on biodiversity in line with the needs expressed in paragraph 66 (l) of CSD-5. Technical cooperation should focus on assisting developing countries in promoting policy coordination at the national level, participating effectively in international deliberations and building capacities to effectively address trade and environment issues, as well as to achieve environmentally sound export growth. Following requests from a number of countries, a series of national and subregional projects will be implemented; there will also be continued work in the context of biodiversity, particularly in the area of technical cooperation.

5. Commodities

76. As mandated in paragraph 91 (v) of "A Partnership for Growth and Development", the work has focused on diversification, commodity market trends and transparency, management of commodity resources and risk management.

(a) Diversification

77. As a result of the reorganization and refocusing of work on commodities initiated shortly after UNCTAD IX, work on diversification has not built on previous activities but started with a fresh approach. In accordance with the orientation provided in paragraph 91 (v) of "A Partnership for Growth and Development" the work has focused on the examination of successful commodity diversification experiences and the identification of factors that determine success. The Expert Meeting on Opportunities for Vertical Diversification in the Food Processing Sector, which was held in September 1997, provided useful directions for further work, which were confirmed in the agreed conclusions of the second session of the Commission on Trade in Goods and Services, and Commodities.

78. **Impact:** Due to the new orientation of work, one way of assessing the impact of this activity is in terms of the interest expressed and requests for technical assistance received. Several requests for technical assistance have been received and are being implemented. For instance, technical assistance projects have been initiated with Angola on the rehabilitation of its coffee

and palm oil sectors, with the Organization of Eastern Caribbean States (OECS) on food regulations and with Malaysia on organic foods. Requests for more broadly oriented assistance have been received from Côte d'Ivoire, Indonesia, Madagascar, Pacific island States and Viet Nam. A number of institutions, including the Arab Bank for Economic Development in Africa, have also expressed interest in long-term cooperation on diversification issues. Two regional conferences on diversification issues are planned in Africa and Latin America. Finally, the Expert Meeting identified lack of information about market opportunities and regulations as an important obstacle to diversification of exports of processed food products. Accordingly, a project was initiated using funds provided by the Société Générale de Surveillance (SGS) aiming at preparing a publication on international market access information, trade regulations, and other information of use to commodity exporters.

79. The report on diversification submitted to the second session of the Commission on Trade (TD/B/COM.½) was very well received. Twenty-five out of 29 respondents to the documentation survey questionnaire evaluated the report as being very useful to their work. Likewise, the reports made available to the Expert Meeting were found to be very useful for the majority of the respondents.

80. **Shortcomings and constraints:** The main shortcoming encountered has been the lack of financial and human resources relative to requirements. The dramatic reduction in the number of staff working on commodities has necessitated a tighter focusing of work, the establishment of new priorities and consequent elimination of certain areas of work. However, since cooperating institutions, including Governments, expect the UNCTAD secretariat to continue responding to the same range of requests for assistance, information and advice as before, the transition to a more narrowly focused work programme has had to be carried out over most of the period since UNCTAD IX.

81. **Cross-cutting issues:** Since diversification is very much a concern of commodity-dependent countries, particularly in Africa, cross-cutting issues such as African development, poverty alleviation and least developed countries are central to the programme. The focus on identification of the factors underlying successful diversification experiences provides opportunities for economic cooperation between developing countries. This is reflected in individual projects, as in the case of the project in Angola, where experiences from the expansion of exports of robusta coffee in Asian countries are used directly.

82. **Coordination and cooperation with other organizations and the private sector:** Cooperation has been established with regional development banks and with the private sector. Inputs are also sought from private sector firms, particularly in developing countries, with a view to identifying successful diversification experiences. No other organization within or outside the United Nations system is focusing specifically on diversification in commodity-dependent countries. However, cooperation with other divisions in UNCTAD and with other institutions is of utmost importance.

83. **Work to be carried out before UNCTAD X:** Work between now and UNCTAD X will be organized around two aspects of diversification flowing directly from the recommendations in the agreed conclusions of the second session of the Commission on Trade in Goods and Services, and Commodities: (i) those relating to the enterprise sector, and (ii) those that relate to the Uruguay Round implementation and follow-up.

84. As regards work related to the enterprise sector, studies, partly drawing on experiences from technical assistance projects already underway or to be implemented, will be prepared on (i) analysis of the effects on diversification of joint ventures, mergers and similar arrangements in sectors where developing countries may have comparative advantages, and (ii) feasibility studies on the positioning of enterprises of commodity-dependent developing countries in sourcing networks and the identification of market opportunities, including for environmentally sound products and niche markets. The studies will focus on how enterprise strategies, different types of industrial organization and improved access to and utilization of market information can contribute to diversification. In the formulation and implementation of technical assistance projects, central issues will be the promotion of diversification through partnerships between foreign investors, domestic enterprises and Governments, and measures to enhance the effectiveness of the enterprise sector and the participation of small and micro enterprises in international trade.

85. Work related to the Uruguay Round will focus on (i) the relevance of the Uruguay Round provisions in taking advantage of regional trading arrangements for diversification, (ii) the implications for diversification and ways to take advantage of the Agreement on Subsidies and Countervailing Measures, and (iii) provision of support for commodity diversification efforts in the light of Uruguay Round obligations, the built-in agenda and possible further negotiations. In this context, studies will be prepared with a view to identifying the key issues that should be emphasized by commodity-dependent countries in the built-in agenda and contributing to the positive agenda. Issues to be studied include the effects on diversification and development efforts of developing countries of subsidies in developed countries, tariff commitments and their degree of application, and the support measures that developing countries could use. The studies will provide a basis for technical assistance which will focus on analyses of the economic significance for commodity-dependent countries of envisaged reforms.

(b) Commodity market trends and transparency

86. In the period since UNCTAD IX the work in this area has focused, on the basis of paragraph 91 (v) of "A Partnership for Growth and Development", on the following areas: (i) publications on the world commodity situation and outlook; (ii) monitoring developments in international commodity agreements and international study groups set up under UNCTAD's aegis; and (iii) advisory and technical cooperation activities on a wide range of issues related to production, consumption, trade and international cooperation in commodities.

87. **Impact:** Publications such as the Handbook of World Mineral Trade Statistics and the Monthly Commodity Price Bulletin have been favourably received by the target audience. A joint UNCTAD/SGS project was initiated and

is ongoing on the publication of international market access information, trade regulations, market opportunities and other information of use to commodity exporters. Following numerous requests for the provision of information on the current activities of ICAs and study groups, a publication entitled "Intergovernmental Producer-Consumer Cooperation in Commodities in the mid-1990s" was also prepared. It is much harder to identify the impact of the ongoing process on monitoring activities of international commodity bodies. One United Nations commodity conference was convened during the period in question. In February 1997, pursuant to the request of the International Natural Rubber Organization, a meeting of the Governments of States parties to the International Natural Rubber Agreement (1995) was convened and put the Agreement provisionally into force.

88. **Shortcomings and constraints:** Many international commodity agreements and Governments expect the UNCTAD secretariat to continue responding to the same range of requests for assistance, information and advice as before. This might be affected by the availability of resources.

89. **Cross-cutting issues:** African countries and LDCs represent the biggest source of requests for timely and accurate market information. For them market transparency is clearly a prerequisite for formulating policy and market objectives both in the area of diversification and in the management of commodity resources in the context of sustainable development.

90. **Coordination and cooperation with other organizations and the private sector:** Cooperation has continued with the secretariats of nine intergovernmental commodity organizations (on cotton, cocoa, coffee, grains, jute and jute products, natural rubber, olive oil and table olives, sugar, and tropical timber) and of four international study groups (on copper, lead and zinc, nickel and rubber), as well as with the Common Fund for Commodities. In addition, relations were established with a number of producers' and consumers' organizations at both the regional and the interregional level. In the private sector, cooperation has been established with SGS.

91. **Work to be carried out before UNCTAD X:** The work will be focused on publications on the world commodity situation and outlook, statistical publications, monitoring of activities of international commodity bodies, servicing international commodity conferences convened under the aegis of the United Nations, and advisory and technical cooperation activities.

92. There are no indications at the moment as to what commodity conferences may be convened during the rest of the period prior to UNCTAD X, as most ICAs in operation are likely to be extended beyond UNCTAD X. However, the Councils for some of these agreements may take a decision to renegotiate the agreement concerned, rather than to extend it, and would subsequently ask the Secretary-General of UNCTAD to convene a United Nations commodity conference.

(c) Promoting the management of commodity resources in the context of sustainable development

93. Work since UNCTAD IX has focused on two main areas: (i) policy aspects of resource development, particularly as regards mineral resources, including the completion of several studies on the management of commodity resources included in the 1996-97 work programme; and (ii) development of a participatory approach to commodity resource management.

94. **Impact:** The studies mentioned above have been favourably received and have resulted in a number of requests for technical assistance aimed at building capacity for governance with respect to the mineral sector, including from Angola, the Democratic Republic of the Congo and Mozambique. Activities with regard to the participatory approach to commodity resource management have been limited to one country, South Africa, where assistance from UNCTAD has directly influenced the scope and content of planning for regional development in parts of the Northern Cape Province, where a transition from an economy based on mining to a more diversified economic base is taking place. The South African project has attracted considerable attention, and requests for similar projects have been received from other countries, including Ecuador and Papua New Guinea.

95. **Shortcomings and constraints:** With the exception of the studies produced under the 1996-97 work programme, work on natural resources is completely dependent on extrabudgetary funds. However, funding has so far not been sufficient to allow the UNCTAD secretariat to respond positively to most of the requests from developing country Governments. The need for a smooth transition to a more narrowly focused work programme has necessitated some work in areas that, although covered by the mandate, cannot be given priority in the long term, given the resources available.

96. **Cross-cutting issues:** The issue of sustainable development is obviously the focus of work on natural resources. Efforts are also being made to give the programme a clear African orientation, although lack of funds have precluded more than modest attempts in this respect.

97. **Coordination and cooperation with other organizations and the private sector:** The programme benefits from cooperation with the regional commissions, particularly ESCAP, and with UNEP. One of the main elements of the South African project mentioned above has been the involvement of the enterprise sector, NGOs and different levels of government in the joint exploration of alternative development paths.

98. **Work to be carried out before UNCTAD X:** Efforts will be made to respond to requests for technical assistance in the area of policy aspects of mineral resource development. Further development of the participatory approach to commodity resource management will take place. In addition, if resources permit, new areas of work will be developed. These include the development of eco-tourism and production of natural-resource-based environmentally sound products as complements to traditional natural resource exploitation.

(d) Assistance to producers to make use of risk-limiting instruments

99. **Impact:** Awareness-raising and training materials on many issues related to the use of commodity price risk management instruments, and the use of structuring techniques to reduce the risks in commodity financing transactions, have been developed and have been actively used by a significant number of developing country entities. The African Oil Trade Conferences (organized yearly since 1996) are proving an effective tool in assisting the process of policy change in the area of oil marketing, risk management and finance. UNCTAD's work on emerging commodity exchanges has helped to advance the development of these exchanges in several countries.

100. **Shortcomings and constraints:** While an extensive body of materials has been developed, in general it has proved very difficult to provide follow-up to country requests. This shortcoming was the result of the discrepancy between needs expressed by countries (requests for technical assistance were submitted for several dozen projects) and the resources available to the secretariat, combined with a slow response from public sector donors as concerns the provision of extra-budgetary resources to the programme.

101. **Cross-cutting issues:** Most of the attention of the secretariat has been on Africa, in particular on the African oil sector. Activities were also undertaken in structurally weak and vulnerable economies. As funds for operational activities generally need to be provided by counter parties or by private sector donors, however, it has been difficult to develop activities in least developed countries.

102. **Coordination and cooperation with other organizations and the private sector:** Close cooperation exists with the Food and Agriculture Organization, the World Bank, the Economic Commission for Europe and the International Trade Centre, not only for the exchange of information and discussion of issues, but also for the implementation of projects. Cooperation with the private sector is well-established - primarily with the enterprise sector and with a number of non-governmental organizations (in particular in the farming sector) and academic institutes. For much of the required substantive inputs, as well as for most financial support for operational activities, the UNCTAD programme relied on private sector assistance.

103. **Work to be carried out before UNCTAD X:** The existing partnerships with the private sector and other organizations need to be further strengthened; the Partners for Development meeting in Lyon should make this possible. Some issues related to structured commodity finance need to be further elaborated, which would be possible through an ad hoc expert group meeting. Furthermore, given the growing importance of non-traditional commodities in international commodity trade, it would be useful to elaborate, in the field, modalities for using structured financing techniques for these commodities. Policies towards farming in the twenty-first century also need to be further elaborated (in particular in respect of the risk-mitigating instruments to which farmers should have access and how they can be provided with such access, as well as the knowledge needed for a sound use of the instruments). Legal and

regulatory issues are among the major bottlenecks hindering greater use of price risk management and structured finance in the commodity market; a survey of conditions on a country-by-country basis would do much to reduce the transaction costs of those interested in engaging in transactions.

Subprogramme 4: Services Infrastructure for Development and Trade Efficiency

Analytical work and technical cooperation

Introduction

1. UNCTAD IX shifted the focus of the work carried out under this subprogramme from an "industry-oriented" approach, which was predominant before Midrand, to a "user-oriented" one. Thus, the follow-up to the 1994 United Nations International Symposium on Trade Efficiency became the central element of the work programme, and a new set of activities was launched in the area of micro enterprises and the informal sector. Work is oriented along three lines:

(1) Trade-supporting services: Assisting Governments and the private sector to implement the trade efficiency recommendations adopted at the United Nations International Symposium on Trade Efficiency (Columbus, Ohio, 1994);

(2) Services for development, including human resources development and programmes aimed at supporting the creation of services addressing the special needs of the informal sector and micro enterprises;

(3) Trade efficiency assessment, electronic commerce, development implications of the global information infrastructure, and the Trade Point programme.

1. Trade-supporting services

Customs

2. Since UNCTAD IX, the functionalities of ASYCUDA have been significantly enhanced. The number of new subregional and national implementation projects has continued to grow. Considerable efforts have been made to ensure continued support for customs administrations using previous versions of ASYCUDA.

3. **Impact:** ASYCUDA has a major impact on the competitiveness of enterprises in developing countries, the modernization of a key public administration and the increase of government revenue. ASYCUDA is currently implemented or being implemented in about 80 developing countries and countries in transition. Every year the system allows approximately $200 billion in trade transactions, increases customs revenues in developing countries and economies in transition by more than $1 billion and saves 14 years (five million work-days) in customs operations worldwide. The

results of an evaluation carried out by an international review team in the Philippines Bureau of Customs, one of the largest and most complex customs administrations in which the system has been implemented, are available to interested delegations.

5. **Shortcomings:** The long-term sustainability of ASYCUDA in some countries is affected by the difficulties Governments face in retaining properly trained staff and, in some cases, by a weakening of the political support for customs reform. At the same time, the growth of the programme has made evident some problems in UNCTAD's support for user countries, particularly those where ASYCUDA was first implemented. The need to support a much larger number of user countries has placed additional stress on the limited resources available for these activities.

6. The secretariat reallocated regular resources to ASYCUDA, in line with the decision taken at UNCTAD IX to consider technical cooperation as an integral part of its regular mandate. This proved to be an incomplete solution, since the highly specialized skills required by ASYCUDA are not widely available in the secretariat. External resources therefore remain necessary. In spite of continued support from bilateral and multilateral donors, the problem of the unpredictability of resources continues to hamper adequate medium-term planning of the development of the product and its after-sales service. This has reinforced the need to define some kind of cost-recovery mechanism (see below).

7. **Cross-cutting issues:** Immediately after UNCTAD IX, important fund-raising activities were launched to reinforce ASYCUDA in the least developed countries, Africa and countries in transition. Today the system has been or is being implemented in 25 least developed countries, 28 African countries and 10 countries in transition. In Africa, ASYCUDA's implementation at the subregional level (COMESA and ECOWAS have made ASYCUDA their standard for customs) is proving instrumental in regional integration efforts (ECDC). This is also the case for some of the countries in transition in Europe.

8. **Coordination and cooperation with other organizations and the private sector:** Coordination with other organizations is carried out selectively, since these are costly activities. UNCTAD follows the work of the World Customs Organization (WCO) very closely; it promotes, disseminates and helps implement the outcome of WCO's work. After UNCTAD IX, steps were taken to develop a framework for partnerships with the private sector in the development and implementation of ASYCUDA. For instance, joint work with private express carriers has started for the development of a module to deal with express transport. Some private companies have also expressed their interest in becoming partners in national implementation projects.

9. **Work to be carried out before UNCTAD X:** Interested countries will continue to receive assistance in the automation and reform of their customs administrations. Additional modules will be developed to further enhance the capabilities of ASYCUDA and to keep the system abreast of evolving IT technology. Efforts should be made to realize the potential synergies between ASYCUDA and other existing IT systems and networks. This should make it possible to speed up the global movement of goods, in particular through an increased use of fully electronic trade procedures and transactions. Given

the magnitude and complexity of this objective, UNCTAD cannot expect to achieve results working on its own. Partnerships with the private sector, particularly the IT industry, are indispensable. The "Partners for Development" meeting (Lyon, November 1998) should enable the blueprint for such partnerships to be established.

10. UNCTAD IX mandated UNCTAD to explore means to make ASYCUDA and other technical cooperation programmes financially self-sustainable. At the first world ASYCUDA meeting (Manila, 9-10 March 1998), representatives of ASYCUDA user countries agreed on the principle of partial cost recovery. Taking into account the views expressed at this meeting, and particularly the need to consider the size of the economies concerned and the capacity of user countries to pay, mechanisms to improve the financial self-sufficiency of the ASYCUDA programme should be defined and gradually put in place.

Transport

11. UNCTAD IX refocused activities in this field on the improvement of the transport chain in developing countries and countries in transition, the implementation of the Advance Cargo Information System (ACIS) programme and the realization of synergies with other programmes such as ASYCUDA. Analytical work is primarily reflected in recurrent publications, i.e. the *Review of Maritime Transport* and *Ports Newsletters*. Selected aspects of technical cooperation that lend themselves to generalization (e.g. study on guidelines for privatization of ports) are being documented for wider dissemination.

12. **Impact:** The ACIS project has increased the technical functionalities of its RailTracker railway tracking system through additional features such as commercial modules, statistics and training materials. Its geographic coverage has been extended by its installation in Eastern/Southern Africa and in Asia. The PortTracker system has been redeveloped to operate under Windows for implementation in East Africa. The benefits of the system, as reported in a recent independent assessment, are becoming apparent as railway performance indicators improve and operators save disbursement payments that were previously necessary because of lack of information. The customers of transport operators are now able to know the location of their cargo on networks using ACIS. Consultations via telephone and Internet connections are being used by many major shippers and freight forwarders on railways where in the past it was impossible to track cargo, and this allows them to plan ongoing transport.

13. Training is provided with the objective of improving the management of transport services in the fields of container terminal development, equipment management, port pricing and port management. This work has helped motivate Governments in developing countries to deregulate this industry, which is leading to more efficient transport services. Other projects have sought to improve the competitiveness of organizations offering shipping services in order to stimulate trade by small and medium-sized shippers.

14. **Shortcomings**: The development of the new version of PortTracker proved to be a more formidable a task than anticipated. At the end of 1997, the system was not robust enough to catch all data-entry errors. Resources were allocated to the design of a new version.

15. **Cross-cutting issues:** Following UNCTAD IX, particular emphasis was placed on activities in Africa, particularly in LDCs. ACIS RailTracker is being used in Uganda, Kenya, the United Republic of Tanzania and Zambia. The railway systems in the latter two countries are connected to the Congolese Southern Railway and South African Railways (SPOORNET). Funds should shortly be available to fill the missing links in Mozambique and to upgrade the system in Malawi and Zimbabwe. At the same time, links should be established between the national RailTrackers and SPOORNET to provide data consultation for operations staff and customers for goods and equipment from Cape Town to Kampala. Funds are also being sought for the installation of RailTracker on the Djibouti-Addis Ababa railways.

16. The project for the rehabilitation of Somali port management, which started five years ago, shifted its activities to the north of the country after the closing of the UNOSOM operations. It is a major instrument in efforts to stabilize the northern region, as the main sources of revenue for the country are international trade and remittances from abroad.

17. **Cooperation with other organizations and the private sector:** In the case of ACIS, the involvement of the private sector has been instrumental in the success of the system. Due to the recognized quality of the products, cooperation with the transport industry has been considerable, in particular with the International Railway Union (UIC) and the International Association of Ports and Harbors (IAPH).

18. **Work to be carried out before UNCTAD X:** Priority should continue to be given to providing assistance to developing countries to improve their transport services, in particular through the promotion of the greater use of information technology (EDI messages) to reduce delivery times and costs, guidelines to Governments and port authorities on the privatization of port facilities, and guidelines on quality management for transport services.

19. Regarding ACIS, priorities are the development of maintenance, empty wagon distribution and automatic vehicle identification features for RailTracker and the development of the manifest module for PortTracker. The system will also be extended to include road transport (RoadTracker) and the "Backbone" system, which will allow the electronic interchange of information between railways. Geographic coverage will be extended towards Asia and Latin America. New networks requesting ACIS are increasing inclined to pay directly for its implementation, which will complement donor funding.

Transit transport

20. As a result of UNCTAD IX, activities related to land-locked countries took a much more action-oriented approach, shifting resources from analytical activities to the development and implementation of technical solutions to the problems of transit transport, which is a major impediment to the participation of land-locked countries in international trade. Work on this

topic concentrates on the legal (framework agreements and protocols) and technical (use of information technologies for transit monitoring) aspects of transit transport. UNCTAD is not involved in the political aspect of transit negotiations.

21. **Impact:** Transit Transport Framework Agreements (TTFAs) provide a modern regulatory environment for efficient and cost-effective transit operations. Measures envisaged in TTFAs minimize delays at border crossings, to the benefit of transporters and traders. Lower transport costs will enhance competitiveness of exports. Increased reliability of services will reduce the need to maintain costly safety buffer stocks of imported inputs. Improved transit monitoring will allow proper cargo insurance. In general, the efficiency of the productive sector of land-locked countries will be increased. The potential direct impact, in terms of savings in clearance time and fraud reduction, could be measured in tens of billions of dollars.

22. **Shortcomings:** The resources for the development of the transit transport module recommended by the 1997 Expert Meeting on the Use of Information Technologies to Make Transit Arrangements More Effective have not yet been fully secured. Its installation in developing countries, particularly in LDCs, may also be dependent on the availability of regular and extra-budgetary resources. As for the work on draft transit agreements, existing resources place a limit on UNCTAD's ability to provide its assistance within the ideal timeframe.

23. **Cross-cutting issues:** These activities constitute the whole work programme being carried out by UNCTAD for the benefit of land-locked countries. Their impact concerns essentially least developed countries (particularly in Africa) and countries in transition. Most African countries are either land-locked or transit countries, and a high percentage of them are LDCs; all the Central Asian republics to which assistance has been provided for the formulation of TTFA are countries in transition.

24. **Cooperation with other organizations and the private sector:** Close cooperation exists with UNDP and the relevant United Nations regional commissions, as well as with intergovernmental regional groupings. The International Freight Forwarders Association has expressed its interest in this work.

25. **Work to be carried out before UNCTAD X:** UNCTAD will continue to provide substantive support to intergovernmental negotiations of transit transport framework agreements, particularly in Africa and Asia, in response to the requests of interested countries. The development of a transit transport monitoring module (based on the ASYCUDA and ACIS systems) should be pursued, according to the guidelines established by the 1997 Expert Meeting.

Trade facilitation

26. After UNCTAD IX, activities were focused on the improvement of trade efficiency through structural changes in logistical services and the adequate use of information technologies. In this respect, proposals were formulated and presented to the first meeting of the Commission, which endorsed them.

27. **Impact:** UNCTAD work in multimodal transport and logistical services has greatly influenced reforms in these fields. The most conspicuous impact has been the development of multimodal transport laws in a number of countries (India, Andean Pact countries, to be followed by all ALADI member countries, ASEAN countries).

28. **Shortcomings:** Although several attempts have been made to find donor funding for trade facilitation technical assistance projects for LDCs, particularly in Asia, until now such attempts have had limited success.

29. **Cross-cutting issues:** No activities dealing with countries considered as cross-cutting priorities for UNCTAD were undertaken during the period under review in the area of "pure" (as opposed to ASYCUDA and transit transport) trade facilitation and multimodal transport. However, in early 1998 two requests were received for assistance for African countries.

30. **Cooperation with other organizations and the private sector:** The secretariat promotes, disseminates and assists in the implementation of standards developed by the relevant international bodies. Cooperation has been reinforced with United Nations regional commissions and with regional organizations such as ASEAN, the Economic Cooperation Organization (ECO) and ALADI (e.g. revision of facilitation mechanisms jointly with UN/ECE-CEFACT; Memorandum of Understanding with ALADI for the establishment of plans of action on trade facilitation). Joint activities have also been implemented with the European Union, the World Bank and UNDP. Close ties have been established with the private sector (COLEACP, CAT, FIATA, etc.), and joint work has been carried out with the International Chamber of Commerce (ICC) for the development of the UNCTAD/ICC Rules for Multimodal Transport Documents.

31. **Work to be carried out before UNCTAD X:** Work in this area will be pursued in close cooperation with UN/ECE, ITC and WTO. Priorities will be: (1) identification of trade facilitation measures which could fall within the scope of WTO rules in this area; and (2) assistance, in coordination with WTO, with the facilitation of trade and transport. The secretariat will also work with the private sector, particularly ICC, to develop joint initiatives in trade facilitation measures.

32. Cooperation with WTO should focus on: (1) analysis of the effects of simplified documentary procedures and their implications for trade operations in the context of possible rule-setting by WTO in this matter; and (2) the removal of border-crossing impediments to trade and transport. An expert meeting on trade facilitation and global networks might be convened, drawing on work carried out with WTO and ICC, to look at the possible uses of information technologies and networks to simplify trade procedures.

Banking and insurance

33. This work consists in assisting developing countries in the implementation of the trade efficiency recommendations in the area of banking and insurance. In the context of liberalization of financial services markets, particularly after the GATS, effective regulatory and supervisory systems are essential for developing countries. One objective of the secretariat's work has been to reinforce the capacity of national Governments

to establish an efficient and effective supervisory framework for insurance services. A second objective has been to help the insurance industry in developing countries adapt to a liberalized environment and to deliver more effectively services geared to the needs of their customers, particularly trade operators.

34. With regard to the first objective, a programme of seminars and workshops was conducted to provide guidance on the establishment of effective regulatory and supervisory systems in the field of insurance. A comprehensive manual was also prepared and circulated to address the need of many supervisory authorities for training and reference material. The second objective was pursued through conferences on a number of specialized subjects which were organized by the secretariat at the request of interested Governments.

35. **Impact:** The results of an internal survey indicate that UNCTAD's work has clearly contributed to improving the effectiveness of the supervisory authorities concerned. Thirteen countries reported that, as a result of participation in the seminars, important changes had been introduced in their regulatory and supervisory frameworks and in the organization of their insurance market.

36. **Shortcomings:** The follow-up to the 1994 UNISTE recommendations on banking and insurance is a new area of activity, and much of the work has been of a preparatory nature. In insurance, the secretariat had to adjust to the new mandate those activities which were more industry-oriented (such as statistics) in order to initiate others which are more user-oriented. Objectives in the area of the UNISTE follow-up have not been fully met yet. Implementing the UNISTE recommendations requires that policy-makers become aware of the areas in which improvement is more urgent. In this connection, the implementation of the trade efficiency assessment will allow countries to identify priorities for action.

37. **Cross-cutting issues:** African countries have received particular attention. Substantial cooperation was established with African insurance organizations, inter alia through participation in training seminars and conferences. The African Insurance Association awarded UNCTAD its highest distinction in recognition of "the important contribution of UNCTAD to the development of African insurance markets".

38. **Work to be carried out before UNCTAD X:** Services such as credit guarantee schemes and export credit insurance, cash flow financing, leasing and factoring and certain types of insurance could, if simplified and appropriately distributed, assist in the development of small and medium-sized enterprises in developing countries. Analytical work on such products and services will be continued. Workshops will be organized to assess the needs for and development of export-credit insurance and to define most appropriate insurance and financial products and distribution channels for small entrepreneurs. Partnerships for the development and distribution of such products are expected to be established. Information and training material on trade finance and transportation insurance are being produced to be distributed, inter alia, through the Trade Points.

39. Training workshops, including network arrangements, will take place in Africa for institutions active in insurance training. Projects at the national level to establish proper banking and insurance training institutions are also being developed. Concerning insurance regulatory and supervisory frameworks, the ongoing programme will be continued and, in view of pressing demands, possibly extended.

Legal issues

40. Activities in this area moved from purely maritime legal issues to the promotion of changes in the legal environment to improve trade efficiency. A number of activities emanating from older mandates (such as work of the Joint UNCTAD/IMO Intergovernmental Group of Experts on a new convention on arrest of ships) had to be completed and terminated. This was successfully achieved, and the recommendations of the Group were endorsed by the Trade and Development Board, the IMO Council and the General Assembly.

41. **Impact:** The work on the convention on arrests of ships will improve the uniformity of international law in this area and will contribute to the establishment of appropriate national legal frameworks. As for the new aspects of the work, since UNCTAD has been working on them only since the end of 1996, it is too early to judge on the impact of what has been mostly preparatory work. A report on legal issues of electronic commerce is being finalized, with the objective of creating awareness and assisting developing countries in their efforts to accommodate electronic trading. To increase know-how among traders in developing countries as to the efficient conduct of international trade, a document covering the legal aspects of international trade transactions is in the final stages of preparation.

42. **Shortcomings:** The secretariat had to acquire the necessary expertise in some areas which were quite distinct from previous mandates. At the same time, the very limited resources available made it difficult to cover the whole range of topics related to the legal aspects of trade efficiency. In particular, electronic commerce is a highly complex issue in which there are few agreed international standards and legal models, none of them fully satisfactory. This is a major endeavour which could not be expected to bear fruit during the reporting period.

43. **Cooperation with other organizations and the private sector:** The secretariat follows very closely the work of UNCITRAL (model law, draft uniform rules on digital signatures and certification authorities). In order to avoid any overlapping with UNCITRAL, UNCTAD concentrates on analysing implications for developing countries and countries in transition, creating awareness among them of the importance of adapting their legislation to the results of UNCITRAL's work, and assisting developing countries in removing legal obstacles to electronic commerce.

44. **Work to be carried out before UNCTAD X:** Work on the legal aspects of electronic commerce will have high priority. An expert meeting on the legal dimensions of electronic commerce should be convened, as recommended by the Expert Meeting on Telecommunications, Business Facilitation and Trade Efficiency. The legal aspects of electronic commerce will also be proposed as areas of work for possible partnerships with other organizations, the private

sector and academic centres in the context of the "Partners for Development" meeting. The work on the legal issues related to Trade Points will be conducted with the objective of providing guidelines and draft statutes for regional and subregional trade point forums. Preparations will also be made for the convening of the UN/IMO Diplomatic Conference on Arrest of Ships in March 1999, following General Assembly resolution 52/182.

2. Services for development

Human resources development

45. Activities in these areas consist essentially of the TRAINMAR and the TRAINFORTRADE programmes. The responsibility for the implementation of the TRAINFORTRADE programme was transferred to subprogramme 4 in August 1997. The overall medium- and long-term objectives were twofold: (1) to continue to support training institutions and enterprises in the maritime sector in conducting management training and establishing training capacity; (2) to assist developing countries to develop and implement a strategy for human resources development (HRD) in trade-supporting services.

46. In TRAINMAR, the main focus has been on institution-building to enable countries to develop and apply their own integrated training solutions. Support was provided to the global TRAINMAR network, through which local institutions cooperate to meet training needs in relation to maritime trade. Training materials for more than 1,000 hours of professional training have been developed, applied and shared. Particular emphasis has been put on the needs of smaller enterprises, linking training with HRD policy-making and ensuring that countries of Africa, and notably LDCs, are able to benefit.

47. **Impact:** The observable effects have been: to increase the quality and range of training offered by local institutions in support of maritime trade; to see this linked to HRD policy-making in a number of ports; and a gradual expansion in the range of training to cover wider issues of concern to traders.

48. Although the TRAINFORTRADE programme has also produced some interesting results, a recent evaluation (available to interested delegations) has pointed out some aspects in which its impact could be enhanced (see below). TRAINFORTRADE is therefore being reoriented in order to enable it to reach a larger target population, particularly through information and telecommunication technologies and networks.

49. **Shortcomings:** Privatization policies have focused attention on short-term production at the expense of long-term measures, and this has undermined the perception of training as a priority issue. This means that the secretariat must give greater attention to promoting HRD as a concept, both in the corporate and the individual vision. The TRAINMAR approach, which is based on a free exchange of materials produced by the various centres integrated in its network has also been affected by privatization, and centres are taking a more commercially minded approach to their cooperation. This development calls for a new approach that ensures the sustainability of the TRAINMAR network in this new environment.

50. The objectives related to the implementation of a HRD strategy for all trade-supporting services have not been fully achieved yet. Extensive use of new technology such as satellite communication and computer-based interactive learning tools was planned. However, the secretariat does not have the appropriate background and skills, and much effort must therefore still be devoted to adapting and training staff. These difficulties are aggravated by the restrictions on recruiting new skills into the United Nations at present. The most promising avenue for making use of new techniques is through partnership arrangements, which need to bring together professional bodies, specialist training establishments and the communications industry, in collaboration with the secretariat.

51. Concerning the TRAINFORTRADE programme, the resources allocated to this programme have not been commensurate with its ambitious goals, and this has resulted in the diminished long-term effectiveness of projects. This problem has been partially addressed in recent months, but unless more specialized staff are assigned to this programme, the strong existing demand for TRAINFORTRADE courses will not be fully met.

Cross-cutting issues

52. TRAINMAR has structured its support on a regional basis and has given special attention to a strategy for Africa, with emphasis on the benefits to be derived by LDCs. Support has been provided in particular for Angola, Benin, Burkina Faso, Cape Verde, Mozambique, Niger and Togo. Actions undertaken under partnership arrangements with COLEACP are expected to start with a specific programme for the four adjacent LDCs of West Africa. Special attention has also been given to the needs of countries in transition in Eastern Europe. Assistance has been given to Albania, Belarus, Georgia, Romania, the Russian Federation and Ukraine.

53. **Cooperation with other organizations and the private sector:** The approach followed relies extensively on cooperation with other entities, both in the public and the private sector. A particularly good example is the TRAINMAR network, which functions on the basis of partnerships between traders, professional bodies and training centres. New partnerships with public and private academic centres and with private companies, particularly for the development of advanced training delivery tools (multimedia, distance learning, etc.), are being considered as one of the possible outcomes of the Partners for Development meeting.

54. **Work to be carried out before UNCTAD X:** Work will continue with a view to extending activities across the trading community, retaining emphasis on identified needs for more efficient trade. Particular attention will continue to be paid to HRD policies as the background for all training and the need to meet the requirements of small and remote enterprises. The latter concern will lead to particular interest being paid to distance-learning techniques.

New financial services for micro-enterprises and the informal sector

55. The main objective of these activities has been to contribute towards enabling the poor to participate more effectively in the economy by making innovative and adapted financial services accessible to them. The approach

has been to demonstrate to private investors the investment potential and social impact of the emerging market of financial services for the poor, thus unleashing the market forces that will develop and sustain this market.

56. **Impact:** An international bank has made a commitment to establish a private fund which would invest in micro-finance. A database of 500 micro-finance institutions (MFIs) has been set up. Criteria for commercial viability and qualification for consideration by private investors have been identified. Applications from over 50 micro-lending institutions have been processed, and 15 commercially viable institutions have been identified. Legal and fiscal surveys have been designed and completed for 15 countries.

57. **Shortcomings:** Little progress has been achieved in the area of developing insurance services for micro-enterprises, due to a lack of sufficient expertise in the secretariat. An external factor which has slowed down progress has been the delay in the establishment of the private fund and in the conclusion of a deal with an asset manager for the fund. However, the first investments in MFIs are expected to take place before the Partners for Development meeting. The strengths and limitations of MFIs have been identified, but more work is needed with investors and asset managers to appreciate their concerns and requirements.

58. **Cross-cutting issues:** These activities are conceived essentially as a contribution to UNCTAD's efforts in poverty alleviation. At the same time, the impact of improving the access of informal and micro-entrepreneurs to credit and to other financial services will be particularly positive for women entrepreneurs, as the track-record of most MFIs shows that micro-credit projects are powerful tools to improve women's self-reliance and overall social and economic status.

59. **Cooperation with other organizations and the private sector:** Coordination with international organizations, NGOs and other private institutions active in the area of micro-credit has been established and maintained through participation in the Consultative Group to Assist the Poorest. The involvement of the private sector, under strict market conditions, is a defining feature of this programme, which differentiates UNCTAD's activities from those undertaken by other institutions.

60. **Work to be carried out before UNCTAD X:** Partnerships built so far with international financial companies should be replicated, in order to expand the regional coverage (the initial phase of these activities has concentrated on Latin America) of this programme. This should be one of the goals of the Partners for Development meeting.

61. Access to services such as insurance, savings, loan guarantees or venture capital by micro-enterprises in developing countries is still very limited. Innovative instruments and mechanisms should be identified, through partnerships with the private sector, the international aid community, Governments and NGOs, to make such services available on a commercial but affordable basis. An expert meeting could be necessary to look at new financial tools which could complement current activities in this field.

3. Trade efficiency assessment, electronic commerce, development implications of the global information infrastructure, and the Trade Point programme

62. The objectives of these activities are: (1) to help to improve the trade competitiveness of developing countries and SMEs worldwide by developing and implementing practical solutions that give them access to the most advanced information technologies and global information and trade networks; (2) to consolidate the Global Trade Point Network; (3) to assist interested developing countries in assessing the efficiency of their trade-supporting services; and (4) to assess the practical trade implications of the emerging global information infrastructure.

63. **Impact:** Fourteen new Trade Points initiated or completed their establishment during this biennium, with the result that there are 139 Trade Points at various stages of development. The Inter-American Trade Point Forum, the Western African Trade Point Forum and the Eastern and Southern African Trade Point Forum were created with the secretariat's support. Regular regional and global meetings of Trade Points have been organized. The concept of a Trade Point Federation was supported by the Commission on Enterprise, Business Facilitation and Development at its second session (December 1997).

64. Trade Points have provided a presence on the Internet to many countries, chambers of commerce and enterprises (especially SMEs). The Trade Point Internet incubator has allowed Trade Points, particularly those in LDCs, to have an Internet presence since their earliest stages of development. Commercial information and transaction flows generated by Electronic Trade Opportunities (ETO) have grown exponentially. An estimated 8 million companies in 173 countries receive ETOs today. Three million ETO e-mails are broadcast daily, and with 1.4 million daily hits, UNCTAD's ETO switch is among the world's top 20 Internet sites (December 1997). A secure ETO system has started its trial phase.

65. Awareness of the trade and development effects of the emerging global information infrastructure has also increased significantly in some countries as a result of UNCTAD's work. In particular, reports and studies were prepared in the context of the Expert Meeting on Telecommunications, Business Facilitation and Trade Efficiency, which was organized in cooperation with ITU. The issue of electronic commerce will also feature prominently on the agenda of the first meeting of Partners for Development.

66. **Shortcomings:** The United Nations International Symposium on Trade Efficiency was not followed by a reallocation of resources to the area of trade efficiency. With the expansion of the Trade Point programme, three types of needs have emerged: (1) the need to address an increasingly broad range of technical requirements of Trade Points; (2) the need to respond to an increasing number of individual requests for the establishment of and provision of support to Trade Points; and (3) the need expressed by most Trade Points for consistent global guidelines. Shortcomings have related mainly to the discrepancy between these needs on one hand and the limited ability of the secretariat to respond to them, mainly because of the scarcity of adequate

resources in the secretariat, particularly highly specialized technical skills, combined with a slow response from donors about providing additional extrabudgetary resources to the programme.

67. The role of Trade Points as trade facilitation centres has not been developed as expected. Most operational Trade Points are commercial ventures and they are more concerned with providing those services which can ensure their financial viability than with others (such as trade facilitation) which are of more general interest. Efforts are being made to reinforce the role of Trade Points as training centres (see below).

68. **Cross-cutting issues:** Since the launching of the Trade Point programme, efforts have been made to disseminate the Trade Point concept in the least developed countries, in Africa and in countries in transition, in most of which Trade Points have been established, although they have faced difficulties in becoming fully operational. After UNCTAD IX, the secretariat took a strongly proactive approach to these difficulties. A GTPNet server for African countries was set up. The secretariat has also launched ambitious fund-raising activities to create a critical mass of fully operational Trade Points in LDCs, specially in Africa. Significant pledges made by major donors are expected to materialize in the immediate future.

69. **Cooperation with other organizations and the private sector:** Close cooperation and a clear division of work exists with ITU, ITC and UN/ECE. Cooperation with ITU has allowed a better understanding of the relationship between telecommunications, trade and development. The trade information component of the Trade Points is largely supported by ITC. UNCTAD systematically disseminates and assists in the implementation of the standards set by UN/ECE. This same approach is also applied to the work of other standard-setting bodies active in any of the trade efficiency sectors. UNCTAD is not involved in standard-setting; its activities in this regard are of an applied nature, disseminating and implementing through its operational programmes (such as Trade Points, ASYCUDA or ACIS) the standards developed by the relevant international bodies.

70. The Trade Point concept has been particularly attractive to the private sector, which has been very active in the establishment of Trade Points in several regions, specially in Latin America, which is the region where operative Trade Points have been most successful. Working closely with the private sector has also proved particularly useful in the development of the ETO system. The Partners for Development meeting will launch a new range of UNCTAD activities in electronic commerce in which the private sector will be involved.

71. **Work to be carried out before UNCTAD X:** The trade efficiency assessment methodology will need to be refined and discussed by the Commission at its third session. Implementation should start soon afterwards, allowing UNCTAD X to consider results from the first national assessments. Mobilizing external resources to carry out the first assessments will be a priority.

72. Electronic commerce: Work in this area will have an analytical and a practical dimension. As requested at Midrand, priority will be given to helping developing countries to better understand the development implications

of the GII. Since UNCTAD IX, the evolution of the Internet and related technologies has made electronic commerce the area in which such implications are most relevant. Electronic commerce is emerging as a topic of discussion in multilateral trade forums, which could lead to negotiations in the WTO; some specific proposals have already been made (e.g. considering the Internet a "tax-free" trade zone). UNCTAD's practical experience in respect of the needs and difficulties of developing countries in electronic commerce put it in an excellent position to assist developing countries in their efforts to participate meaningfully in such discussions.

73. Trade Point programme: The practical aspects of work on electronic commerce will consist of activities aimed at enabling developing countries to equip themselves with the practical tools to participate in electronic commerce. The Global Electronic Trade United Nations Partnerships (GET UP) of the Partners for Development meeting should lead to the creation of partnerships with the industry and other international organizations to implement advanced technological solutions for electronic commerce in developing countries through, among other instruments, the reinforcement of the GTPNet. In this regard, priorities of the Trade Point programme will be readjusted to reflect the results of its ongoing external evaluation, as well as more recent needs and possibilities, such as Internet-based commerce, secure ETOs and payments over the GTPNet. A large project to support the creation of Trade Points in Africa should start implementation very shortly, in which the human-capacity-building capabilities of Trade Points will receive high priority. Efforts should be based on the outcome of the forthcoming expert meeting on the human resources development aspects of electronic commerce. The creation of a worldwide framework for cooperation among Trade Points, including consideration of its legal aspects, will also receive particular attention.

Sub-programme 5: Least Developed, Land-locked and Island Developing Countries

I. The least developed countries

Background

1. LDC-related issues figured prominently in the deliberations of UNCTAD IX and in its final outcome. The Conference called for:

(i) Full integration of LDCs into the world economy and international trading system (para. 49 of "A Partnership for Growth and Development");

(ii) UNCTAD's work to be geared to the special needs of LDCs (para. 83);

(iii) LDCs to constitute cross-cutting issues in UNCTAD's work (para. 84);

(iv) Priority for LDCs in technical cooperation (para. 95);

(v) Integration of LDCs' problems into the work of intergovernmental machinery (para. 106);

(vi) Shaping, staffing and equipping the Office of the Special Coordinator to allow it to coordinate sectoral work, monitor the implementation of the Programme of Action and other relevant United Nations programmes of action and provide inputs for review by the Board (para. 113).

2. In response to the above and the Programme of Action for the LDCs, the major activities of the subprogramme concerning LDCs revolve around the broad areas indicated below:

A. Review of progress in the implementation of the Programme of Action

3. The Board conducted two annual reviews (at its forty-third and forty-fourth sessions), which were complemented by panel discussions. The participation of panellists in the reviews contributed to a constructive dialogue and the adoption of concrete recommendations. In both reviews, the LDCs Reports were used as background and were commended as useful. The Board commended the UNCTAD secretariat for the high quality of the LDCs 1997 Report and its analysis of the issues affecting LDCs (agreed conclusions 441 (XLIV)).

4. **Impact:** The annual reviews by the Board help to continue to focus the attention of the international community on the plight of the LDCs and the difficulties they encounter in their efforts to integrate into the world economy and the trading system. The two sets of agreed conclusions, 435 (XLIII) and 441 (XLIV), resulting from reviews conducted during the forty-third and forty-fourth sessions covered important policy measures and action-oriented recommendations, addressed to LDCs and their development partners, in areas such as resource flows, debt, trade, agriculture and economies in regress. These recommendations help to shape policies in LDCs and to mobilize international support in their favour.

5. An important outcome of the annual review was the elaboration of UNCTAD-wide Integrated Country Programmes for Developing Supply Capacities for Tradeable Goods and Services in LDCs (ICPs). The concept of the ICP contributed to the adoption of recommendations at the Singapore Ministerial Meeting of the WTO and to the subsequent adoption of the Integrated Framework for Trade-related Technical Assistance adopted by the High-Level Meeting on Integrated Initiatives for LDCs' Trade Development (HLM).

6. Another important outcome of the review is the consensus decision on the convening of the Third United Nations Conference on LDCs which led to the adoption of General Assembly resolution 52/187.

7. In view of the complementarity between the Programme of Action and the New Agenda for the Development of Africa in the 1990s (33 out of the 48 LDCs are in Africa), the outcome of the annual reviews and recommendations made therein are also relevant to the effective implementation of the New Agenda.

8. **Shortcomings:** A major shortcoming limiting the effectiveness of the annual reviews of progress in the implementation of the Programme of Action is

inadequate participation by senior officials from LDCs to Board and other UNCTAD meetings. Another shortcoming is the lack of adequate follow-up of the outcome of the reviews at the LDC country level and with their bilateral and multilateral development partners. Inadequate analytical capacity in the secretariat to address the multifaceted nature of development problems in LDCs has limited the effectiveness of the subprogramme in providing policy advice to LDCs.

9. **Coordination and cooperation with other organizations and private sector:** Coordination and cooperation with other organizations constitute an important aspect of the work of the subprogramme. This is in accordance with the objectives of the subprogramme, as outlined in the medium-term plan, in terms of mobilizing and coordinating the activities of relevant organs, organizations and bodies of the United Nations system relating to the implementation of the Programme of Action and the outcome of its Mid-term Global Review.

10. The secretariat sought contributions from organizations and agencies for the preparation of the annual LDCs Reports. In the case of the LDCs 1997 Report, contributions were sought and received from ECA, ESCAP, FAO, IFAD and OECD. Likewise, for the preparation of the Secretary-General's report to the fifty-second session of the General Assembly, contributions were received from, among others, DDSMS, UNCHS/Habitat, UNICEF, Office of the Special Coordinator for Africa and the Least Developed Countries (OSCAL), World Bank, WIPO, ITC, WMO, FAO, ICAO, Universal Postal Union (UPU), IMF, WHO, UNESCO, UNIDO, UNEP and DHA.

11. The subprogramme co-organized with DPCSD (Department of Policy Coordination and Sustainable Developments) an Expert Group Meeting on Implementation of Special Measures for LDCs on Agenda 21. It also provided substantive support for the work of ESCAP's Special Body on Least Developed and Land-locked Developing Countries; ECA's Eighteenth Meeting of the Technical Preparatory Committee of the Whole (TEPCOW); and DAC's Informal Expert Meeting on Integrating Developing Countries in the Globalizing World Economy. It participates in and provides inputs to periodical meetings of the Committee on Development Planning (CDP) and its Working Groups, particularly on review of the criteria and methodology for determining the list of LDCs and examination of a possible vulnerability index for small island countries.

12. Significant efforts are being made to involve the civil society and NGOs in the work of the subprogramme. In April 1998, the subprogramme co-sponsored with the International South Group Network (ISGN), an NGO based in Harare, a workshop for Southern and Eastern African trade officials, academics and NGOs on issues relating to the international trading system and the Lomé Convention.

13. **Work to be carried out before UNCTAD X:** There will be three annual reviews by the Trade and Development Board of progress in implementation of the Programme of Action. The Mid-term Review provides an important opportunity to consider how to strengthen these reviews and the follow-up of their outcome so that they can have a greater impact on the development of LDCs. For its part, the secretariat will ensure wider dissemination of the results of the reviews to policy-makers in LDCs and their development

partners, both bilateral and multilateral, and to civil society. These results will also be brought to the attention of the Consultative Group Meetings and UNDP Round-Table Meetings, in addition to the trade-related round-table meetings in the context of the follow-up to the HLM. The use of information technology for this purpose will be intensified: the LDC Website on the Internet, which already serves this purpose, will be continuously upgraded and improved.

14. The convening of the Third United Nations Conference on LDCs will require intensive preparations by UNCTAD, at the intergovernmental, agency and secretariat levels. The secretariat will make recommendations to the forty-fifth session of the Board on the preparatory process for the Conference, providing for the more active involvement of the broadest range of actors in the development process. Proposals for some activities in the context of the preparatory process have already been included in the current biennium programme budget. The Mid-term Review can provide useful guidance in this regard.

B. Coordination of sectoral work

15. The coordination of sectoral work entrusted to the Office of the Special Coordinator for LDCs is promoted through the following mechanisms:

(a) The establishment of a Steering Committee on LDCs, chaired by the Secretary-General of UNCTAD, to provide overall policy guidance in implementation of the recommendations of UNCTAD IX, the Programme of Action and its Mid-term Global Review;

(b) Designation by each Division of UNCTAD of a senior staff member as focal point responsible for delivery of substantive and other work of the respective Divisions. Regular meetings of the focal points have proved to be particularly effective with regard to the elaboration of ICP frameworks and substantive preparation for the HLM.

16. **Shortcomings:** LDC-related issues have not yet been integrated into the work of the Commissions to the extent envisaged by UNCTAD IX. At the level of the secretariat, issues of relevance to LDCs have not been widely covered in other flagship reports and parliamentary documentation.

17. The effectiveness of the Office of the Special Coordinator for LDCs has been limited due to a high vacancy rate. While the Office benefits from support and cooperation from other programmes and was therefore able to coordinate UNCTAD's sectoral work on LDCs in some areas, the extent of cooperation has generally varied. The conclusions and recommendations of the Mid-term Review should help in reinforcing the role of the Special Coordinator.

18. **Work to be carried out before UNCTAD X:** The challenge for the Mid-term Review process is to ensure better integration of the LDC development problematique into the work of the secretariat and the intergovernmental machinery through:

(a) A more focused consideration of LDC-related issues by Commissions and expert meetings including highlighting of issues of particular relevance to LDCs;

(b) Wider coverage of issues of concern to LDCs in UNCTAD's research programmes and in the flagship reports and other parliamentary documents;

(c) The mobilization of UNCTAD-wide efforts in the preparations for the Third Review Conference.

C. Technical cooperation

19. Since UNCTAD IX, technical assistance activities in favour of LDCs have expanded. The focus is gradually shifting from a project to a programme approach, consisting of a set of focused and country-wide multi-year technical cooperation interventions designed to address supply-side constraints affecting LDCs' capacity to participate in international trade. Developments in the area of technical cooperation include the following:

(a) UNCTAD's Technical Cooperation Strategy is according priority to LDCs in the provision of assistance; the intention is to increase their share in absolute and relative terms;

(b) The Trust Fund for LDCs was established and became operational in early 1997. Contributions/pledges amounting to more than US$ 3.5 million have been made by both developed and developing countries, including China, Cyprus, Finland, France, Ghana, India, Ireland, the Netherlands, Norway, Portugal, the Republic of Korea, Sweden and Switzerland;

(c) A number of technical cooperation activities, backstopped or coordinated by the Office of the Special Coordinator, were carried out through a combination of field work and research. With regard to ensuring complementarity between technical cooperation and analytical work, the research undertaken at the country level provided useful inputs for the preparation of the annual LDCs Report;

(d) The elaboration of the first series of ICPs, referred to above, has been initiated for Bangladesh, Cambodia, the Gambia and Madagascar. Preliminary work has been initiated in Ethiopia, Haiti and Sudan, among others. Framework ICPs have been agreed with the Governments concerned. Work is underway, on the basis of the above frameworks, for preparation of full-fledged ICPs and their programme support documents.

20. **Impact:** The priority accorded to LDCs, the operationalization of the Trust Fund for LDCs, and the shift from a project to a programme approach, through the initiation of ICPs, are bound to have an impact on the trade performance of recipient countries. The strong interest shown by LDCs and their development partners, particularly those who made contributions to the Trust Fund, in the implementation of ICPs and coverage of more countries, is particularly encouraging.

21. **Shortcomings:** The elaboration of UNCTAD-wide Integrated Country Programmes is a resource-intensive activity, requiring specialized human

resources. The main shortcomings in this area relate to the fact that the subprogramme is operating with a small core staff, as many posts at the professional level remain vacant. Another constraint relates to the delays associated with the coordination of the work with other agencies and at the country level.

22. **Coordination and cooperation with other organizations and private sector:** In the design of the ICP frameworks, and in accordance with the recommendation of the Board, the secretariat coordinated closely with ITC, UNDP, ECA and ESCAP. In the implementation of the ICPs, efforts will be made to involve other relevant development agencies as well. At the country level, the private sector and civil society had been involved in the process of preparation of ICPs. In Bangladesh, they also participated in the sectoral round-table meeting discussions. In Gambia, the private sector participated in two national workshops for the formulation of trade policy and investment policy and an investment code, and their views were reflected in the relevant documentation.

23. **Work to be carried out before UNCTAD X:** The framework ICPs referred to earlier are being developed into full-fledged ICPs for submission by LDCs to the trade-related round-table meetings. ICPs for an additional two or three LDCs will be elaborated, and, subject to the availability of resources, the activities identified in these ICPs will be implemented.

D. High-Level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development and its follow-up

24. The Office of the Special Coordinator for LDCs served as the focal point in the UNCTAD secretariat for the preparation and organization of the WTO High-Level Meeting on LDCs, a post Midrand initiative. In that capacity, the Office coordinated the inputs of the secretariat to the substantive documents for the Meeting and provided substantive and organizational support for the two thematic round-table meetings of the HLM. The Office actively participated in the inter-agency meetings (UNCTAD/WTO/ITC/UNDP/WB/IMF) prior and subsequent to the convening of the HLM.

25. **Impact/shortcomings:** As the follow-up to the outcome of the HLM has only been initiated recently and institutional arrangements are being made for improved inter-agency cooperation, it is too early to identify impacts and shortcomings. However, it is evident that the intensive involvement of the Office in this process will increase the claim on its limited resources.

26. **Work to be undertaken before UNCTAD X:** The Office will continue to be the focal point in UNCTAD for implementing and operationalizing the trade-related country programmes. Accordingly, it will actively participate in the inter-agency working group comprising the staff of the six agencies which will meet regularly to maintain inter-agency collaboration, manage the programme of activities in the context of the Integrated Framework and carry out the evaluation of the operation of the Integrated Framework two years after its endorsement. UNCTAD will provide support to the Administrative Unit to be established in the ITC to handle the day-to-day administrative work and to service the meetings of the inter-agency working group. In accordance with the decision of the Board at its sixteenth executive session, the secretariat

will continue to participate actively in the implementation of the outcome of the HLM. The activities identified in the decision will form a significant part of the work of the Office in future. To coordinate the implementation of these activities fully and effectively, additional resources need to be provided to the Office.

27. Before the next session of the Board, the Secretary-General of UNCTAD will convene an ad hoc meeting on GSP, GSTP and new initiatives for LDCs in the area of market access with the objective of taking stock of market access initiatives announced in the HLM and to examine ways in which these initiatives could be further concretized.

II. Land-locked developing countries

28. UNCTAD's work in this area is currently focused on the implementation of the Global Framework for Transit Transport Cooperation endorsed by the General Assembly in 1995. This involves, inter alia, strengthening of cooperative arrangements between land-locked and transit countries at the subregional level in such areas as promoting a more effective legal framework for transit transport operations, the improvement of management systems in the transit transport sector, the strengthening of institutional and manpower capabilities, and the establishment of the policy framework for liberalized trade and transit services. In this connection and pursuant to the General Assembly resolution, the 3rd Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial Institutions, preceded by consultative group meetings between land-locked and transit developing countries, was held in June 1997.

29. **Impact:** The work of the subprogramme in this area has contributed to consolidating the cooperative arrangements between land-locked developing countries and their transit neighbours. The Meeting agreed on new modalities for making the implementation of the Global Framework more effective. These arrangements, accompanied by a more liberalized and commercialized transit sector, have led to greater transit efficiency and are expected to help reduce transit costs.

30. **Shortcomings:** The major shortcoming has been the inadequate involvement of the private sector in transit transport operations. This issue is now being seriously addressed. Another shortcoming is associated with the low participation of experts conversant with the issues related to transit transport from land-locked and transit developing countries in the above-mentioned consultative group meetings and the 3rd Meeting of Governmental Experts. This could have been avoided if resources, in addition to those provided by the European Commission, have been available for participation of some experts from land-locked and transit developed countries in the above meetings.

31. **Cooperation and coordination with other agencies:** UNCTAD cooperates with ECE, ECA and intergovernmental and subregional organizations dealing with transit transport, in particular the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) in Abidjan, and the

Permanent Secretariat of the Northern Corridor Transit Transport Authority in Mombasa. UNCTAD also works closely with the Southern African Transport and Communications Committee (SATTC) in Maputo.

32. UNDP and the European Commission provided financial support to the subprogramme for the substantive preparation and organization of the consultative group meetings and meeting of Governmental Experts referred to above. For the preparation of the report to the fifty-second session of the General Assembly on special action related to particular needs and problems of land-locked developing countries, the subprogramme received contributions from ECE, ESCAP, ECA, the World Bank, IMF, ICAO and FAO.

33. **Work to be carried out before UNCTAD X:** Future work in this area will focus on modalities for the greater liberalization of transit trade services and greater involvement of the private sector in improving transit transport efficiency.

34. The Office will provide substantive and organizational support to the 4th Meeting of Governmental Experts, to be convened in 1999 to review the further implementation of the Global Framework.

III. Island developing countries

35. UNCTAD, has been mandated by the General Assembly, since 1994, to contribute through relevant research and analysis to the implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States (SIDS). In this context, the substantive work of the subprogramme in favour of SIDS is of a cross-cutting nature, and draws on relevant outputs of the other sub-programmes. In 1996, UNCTAD, in cooperation with the Department of Policy Coordination and Sustainable Development, organized a high-level panel on island developing countries with the objective of reviewing the performance and problems of these countries, particularly in the area of external trade, in the context of trade liberalization and globalization and their impacts on the specialization prospects of island developing countries. The high-level panel made a number of recommendations in the above areas which were submitted to the Commission on Sustainable Development at its fourth session. Recently, UNCTAD also made a significant contribution to the expert group which discussed the technical issues related to the vulnerability of SIDS.

36. **Impact:** The work of the subprogramme on island developing countries has promoted a forward looking approach to the development challenges of SIDS by focusing on re-specialization options in the context of trade liberalization and globalization. This work has contributed to the strengthening of the trade and overall performance of SIDS.

37. **Shortcomings:** The major shortcoming has been the low level of resources available to support technical assistance programmes in SIDS.

38. **Coordination and cooperation with other organizations:** In fulfilling its mandate in favour of SIDS, UNCTAD complements the work of the Department of Economic and Social Affairs (DESA), particularly in the area of trade and

investment. UNCTAD also works very closely with subregional institutions dealing with the problems of SIDS, particularly CARICOM and the Pacific Forum.

39. **Work to be undertaken before UNCTAD X:** The future work on island developing countries will relate to:

(a) Preparation of a forthcoming publication on "Small island developing States: issues of vulnerability and policies for improved specialization".

(b) Substantive contributions to the system-wide coordinated work on the construction of indicators of vulnerability for small island developing States.

(c) Direct assistance for several small island developing States in assessing trade-related technical cooperation needs and formulating country programmes in anticipation of a SIDS/donors conference in 1999 as well as country-specific round-table meetings focusing on trade development.